

# Group Five Stock Plan Administration Benchmark Study 2015

The 2015 Group Five Stock Plan Administration Benchmark Study includes 1,194 study participants resulting in valid responses from 1,019 public U.S. companies. The Group Five study, which is in its 17th year and continues to have the highest participation of any study in the stock plan industry by far, measures plan sponsors' satisfaction with stock plan industry service providers.

In this year's study plan sponsor loyalty improved significantly for full administration services to an NPS\* of 35. Plan sponsor loyalty to brokerage service providers remains unchanged from last year at 44, and plan sponsor loyalty to commercial system providers increased slightly to 15. Loyalty of plan sponsors to accounting and financial reporting service providers declined in 2015 to an NPS of 37. The chart on this page shows the industry average, high, and low Net Promoter Scores for each service for the last two years.

## *Focus on account support and plan participant service improvements drives increased plan sponsor loyalty*

The improvement in full administration plan sponsor loyalty to an NPS of 35 is driven by significant improvements in account support to plan sponsors and service to plan participants. Plan sponsor satisfaction with account support services increased by four points over last year to 86% favorable\*\* and plan sponsor satisfaction with plan participant services increased five points over last year to 89% favorable.

\* NPS®, Net Promoter® & Net Promoter® Score are a registered trademark of Fred Reichheld, Satmetrix, and Bain & Company. Net Promoter Scores range from -100 to +100 based upon the difference between the percent of promoter and detractor scores.

\*\* A favorable rating is a rating of 7 to 10 on an eleven point scale with 10 being *completely satisfied* and 0 being *not at all satisfied*.

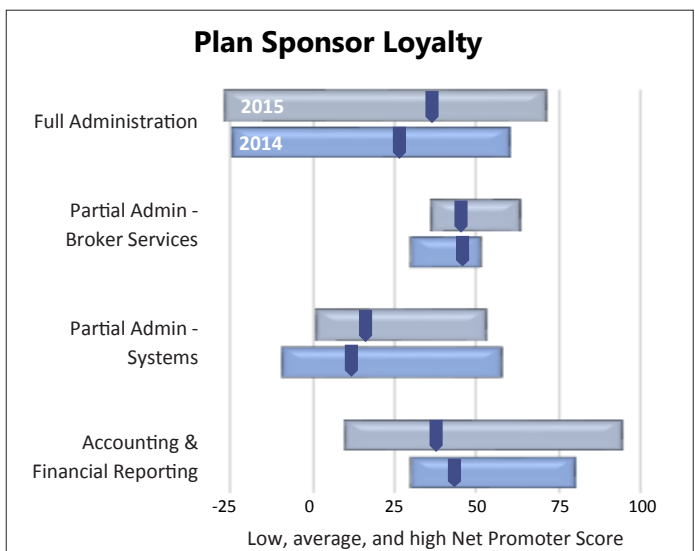
Although the industry average loyalty for broker services is unchanged from 2014 at 44, the highest among all stock plan administration services, plan sponsor loyalty to individual service providers is more varied than last year.

Plan sponsor loyalty to commercial systems providers increased two points from 2014 to an industry NPS of 15, the lowest of all plan administration services. No elements of commercial systems measured in the study have changed significantly over the last three years.

## *Constantly changing award structures create technology challenges for service providers*

Satisfaction with *delivery of promised technology improvements*, which was measured for the first time this year, has one of the lowest ratings in the survey among both full and partial administration respondents.

Plan sponsor loyalty to accounting and financial reporting service providers declined by four points to an NPS of 37. This year's study shows declines in plan sponsor satisfaction with all elements of financial reporting services.



## INDUSTRY OVERVIEW

Average plan sponsor satisfaction with stock plan administration services is essentially unchanged in 2015, with some service providers improving ratings and others with rating declines. The challenge for service providers continues to be account support to help plan sponsors find solutions to the ever-changing landscape of incentive compensation awards. Variations in award types and characteristics, adherence to changing rules and regulations, intricacies of accounting, international issues, and increasing plan participant support present a never-ending challenge to service providers.

## FULL ADMINISTRATION SERVICES

Fidelity Stock Plan Services received the highest loyalty rating for full administration services with an NPS of 71. Fidelity also received the highest overall satisfaction rating for the fifth year in a row at 96% favorable. Bank of America Merrill Lynch Equity Compensation Plan Services has the second highest loyalty rating at an NPS of 55 and the second highest overall satisfaction at 93% favorable.

## PARTIAL ADMINISTRATION SERVICES

### BROKER SERVICES

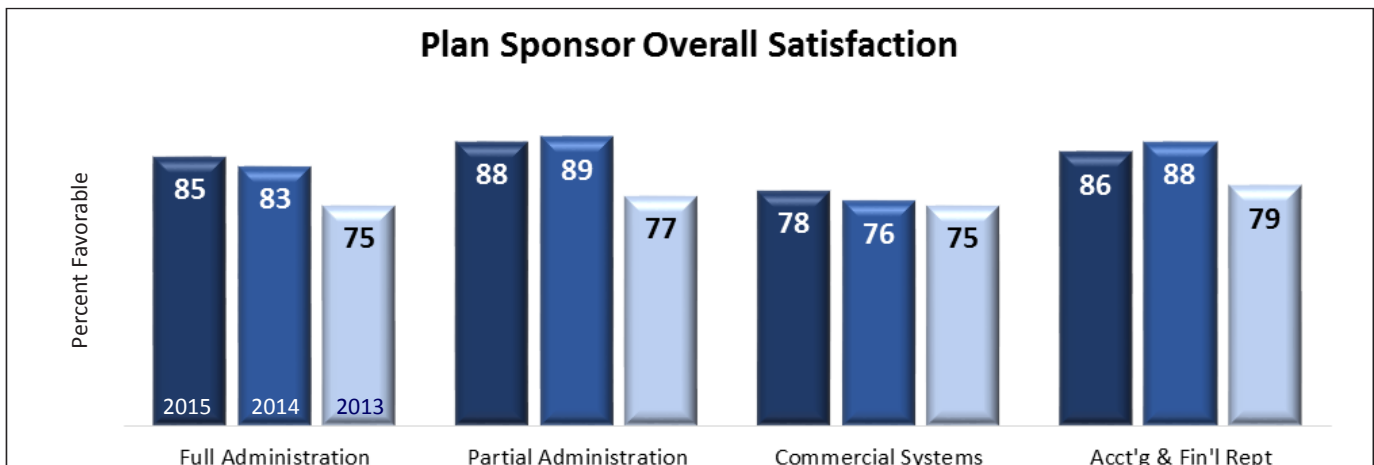
Bank of America Merrill Lynch received the highest loyalty rating for broker services with an NPS of 63 and the second highest overall satisfaction rating of 92% favorable. UBS has the second highest NPS of 58 and the highest overall satisfaction rating of 94%. E\*TRADE is third highest with an NPS of 51 and an overall satisfaction rating of 91%.

### SYSTEMS

E\*TRADE's Equity Edge Online, for the fourth year in a row, received the highest loyalty rating for commercial administration systems with an NPS of 53 and an overall satisfaction rating of 92% favorable. Solium's Transcentive has the second highest loyalty rating with an NPS of 6 and an overall satisfaction rating of 83%. Certent (formerly EASi) is the lowest rated system with an NPS of 1 and an overall satisfaction rating of 70%.

## ACCOUNTING & FINANCIAL REPORTING

Plan sponsors continue to cite accounting and financial reporting as one of the top three issues for stock plan administration. Equity Methods, for the third time, received the highest ratings with an NPS of 94 and an overall satisfaction rating of 100% favorable. Fidelity has the second highest ratings with an NPS of 60 and an overall satisfaction rating of 95%. Morgan Stanley is third highest with an NPS of 54 and an overall satisfaction rating of 90%.



## 2015 Stock Plan Administration Services Ratings\*

Service Offering		Service Provider	Loyalty	Overall Satisfaction	Participant Service	Client Fees	Study Responses	
<b>Full Admin</b> <i>Admin and Execution Outsourced</i>		AST Equity Plan Solutions	-27	59	50	70	22	
		Bank America Merrill Lynch	55	93	96	95	162	
		Charles Schwab	-8	67	64	83	36	
		Computershare	6	81	83	66	81	
		E*TRADE	35	92	96	88	26	
		Fidelity	71	96	97	88	198	
		Morgan Stanley	32	84	95	92	122	
		UBS	25	85	93	94	61	
		Industry Average	35	85	89	86	773	
<b>Partial Admin</b> <i>Internal Admin with Execution Outsourced</i>	<b>Broker Services</b> <i>Transaction Execution</i>	<b>Service Provider</b>	<b>Loyalty</b>	<b>Overall Satisfaction</b>	<b>Participant Service</b>	<b>Participant Fees</b>	<b>Responses</b>	
			Bank America Merrill Lynch	63	92	92	83	24
			E*TRADE	51	91	92	85	93
			Morgan Stanley	36	87	93	79	85
			UBS	58	94	85	93	33
			Industry Average	44	88	89	81	262
	<b>Systems</b> <i>Admin Internally</i>	<b>Service Provider</b>	<b>Loyalty</b>	<b>Overall Satisfaction</b>	<b>Technology</b>	<b>Client Fees</b>	<b>Responses</b>	
			Certent	1	70	76	76	109
			E*TRADE Equity Edge Online	53	92	92	78	97
			Solium Transcendentive	6	83	79	81	77
		Industry Average	15	78	81	79	333	
<b>Accounting and Financial Reporting</b>	<b>Service Provider</b>	<b>Loyalty</b>	<b>Overall Satisfaction</b>	<b>Financial Reporting</b>	<b>Account Support</b>	<b>Responses</b>		
		Bank America Merrill Lynch	28	92	85	89	36	
		Certent	12	81	68	64	59	
		Equity Methods	94	100	96	100	35	
		E*TRADE	49	86	85	81	71	
		Fidelity	60	95	98	93	43	
		Morgan Stanley	54	90	94	97	39	
		Solium Transcendentive	10	79	71	68	42	
		Industry Average	37	86	82	81	381	

\* Loyalty is the Net Promoter Score which ranges from -100 to 100. Plan sponsor satisfaction is the percent of favorable ratings and ranges from 0 to 100. Some results for Global Shares, Solium Shareworks, and Charles Schwab are not shown due to small sample size but are included in industry figures.

## 2015 STOCK PLAN ADMINISTRATION STUDY

The chart below shows the characteristics of the awards administered by the plan sponsors who participated in the study. The number of responses received for each service provider is listed to provide context for interpreting the data. Typically, the smaller the sample size, the higher the margin of error.

### 2015 STOCK PLAN ADMINISTRATION STUDY RESPONDENTS

SERVICE PROVIDER	PLAN SPONSORS BY SERVICE MODEL			PERCENT OF RESPONDENTS WITH AWARD TYPE					PERCENT OF RESPONDENTS BY NUMBER OF PARTICIPANTS				PERCENT OF RESPONDENTS WITH INT'L PARTICIPANTS
	Full Outsource	Partial Outsource - Broker	Partial Outsource - System	Options	Restricted	Performance	SARs	ESPP	1—100	101—1,000	1,001—5,000	> 5,000	
AST	22	NA	NA	59	68	45	5	64	60	25	13	2	49
BAML	162	24	NA	88	97	77	18	0	37	43	15	5	62
Certent	0	NA	109	89	90	61	12	14	48	49	4	0	44
Charles Schwab	36	10	7	85	96	72	11	41	34	41	16	8	60
Computershare	81	NA	NA	28	30	25	1	81	25	34	23	18	48
E*TRADE	26	93	109	93	93	75	12	57	33	41	17	8	70
Fidelity	198	NA	NA	83	95	80	19	44	34	37	19	10	64
Morgan Stanley	122	85	NA	83	83	60	15	33	34	48	13	5	65
Solium	10	NA	77	89	100	100	22	22	40	50	10	0	37
UBS	61	33	NA	77	95	78	21	22	31	43	17	9	69
<b>Average</b>				81	87	67	15	34	36	42	15	7	61

Note that plan sponsors may use more than one service model for plan administration and that plan sponsors who partially outsource may or may not use a broker who also provides the administration system.

#### About the study . . .

The Group Five study of client satisfaction with stock plan administration services and systems is based on responses from U.S. public companies from May through June 2015.

The sample of companies was taken from Group Five's databases and public sources. Clients of the largest service providers to public companies were targeted for the survey. At each company, the survey was to be completed by the person most familiar with the performance of the service provider. For example, job titles of participants included VP Human Resources, Employee Benefits Manager, Senior Benefits Administrator, and Stock Plan Administration Manager. The study included 1,194 responses from 1,019 public companies. Each company response received equal weighting regardless of the number of plan participants. Multiple responses from the same company are combined.

In theory, in 95 cases out of 100, overall industry results based on such samples will differ by no more than three percentage points in either direction from what would have been obtained by receiving responses from all companies. The potential sampling error for smaller sub-groups is larger. In addition to sampling error, the practical differences of conducting any survey can introduce other sources of error. Differences in wording and ordering of questions, for instance, can lead to somewhat varying results.

The information in this report is not an intended as an endorsement of any company by Group Five. Service models and capabilities vary widely among service providers. Any evaluation of service alternatives requires information beyond the scope of this report. For more information contact Group Five.

For comments, questions, or additional information contact the study director, Kathy Huston, at 415.785.7983 or [Kathy@groupfiveinc.com](mailto:Kathy@groupfiveinc.com) or see the website at [www.groupfiveinc.com](http://www.groupfiveinc.com).