



Global SaaS Company Streamlines Stock Option Administration Process

Private Equity Services

Case Study



Business Challenge

GT Nexus operates the world's largest cloud-based business network and execution platform for global trade and supply chain management. Over 25,000 businesses, including Adidas Group, Caterpillar, Citi, Columbia Sportswear, DHL, Electrolux, Levi Strauss & Co., Kohl's, Nestlé, Pfizer, Renault and Sears share GT Nexus as their standard, multi-enterprise collaboration platform. This enables all network participants to operate against a core, real-time and always-on set of information across multiple supply chain functions, allowing GT Nexus to optimize the flow of goods, funds and trade information, from the point of order through final payment.

At GT Nexus, stock options are issued as incentive for employees and consultants, and used as a recruiting tool as the company continues to expand. However, GT Nexus lacked the ability to properly manage its stock option plan and was outsourcing portions to its attorneys, while maintaining a parallel system in-house.

Non-finance staff members in human resources had the responsibility of maintaining the stock option records and were not trained to be aware of the accounting ramifications of certain stock option transactions. Because of the parallel tracking between GT Nexus and its attorneys, ongoing reconciliation was necessary. GT Nexus recognized the disciplined program to outsource and automate the administration of its stock option program was important in meeting reporting requirements and managing the capitalization of the company.

Strategic Execution

Coupling software with outsourced support was the solution GT Nexus was looking for, which Armanino delivers through its Equity Compensation Outsourcing offering—a full-service solution that encompasses:

- **Administration** – automated administration and tracking of awards, vesting and exercises leveraging a state of the art equity administration software package, EASi.
- **Capitalization Table Maintenance** – full detail of a company's equity investors and stock ledger with support during board meetings.
- **Employee Portal** – configuration of EASi's portal coupled with employee training to enable employee self-service.
- **System Training** – company-specific training on the key features and functionality of the system for timely access to critical information.
- **Valuation** – periodic independent valuation of common stock (409A) for GAAP and tax purposes.
- **Technical Skills** – stock option compensation expense reporting (ASC 718) and technical accounting support.

“With more than 500 employees worldwide, we were challenged to ensure that their proper names were recorded correctly in our system. The EASi software is an easy-to-use cloud solution and I think that's the software trend the world is moving to. I like the transparency and it's not like the black hole of data with our old system. Armanino's team was very efficient, accurate and competent in ensuring every single employee's options were properly accounted for.”

Cindee Macaskill
VP of Finance and
Corporate Controller
GT Nexus

“Outsourcing our stock option program has been a big win for GT Nexus. Our company now saves time, has better reporting and experiences higher confidence in the accuracy of our stock option accounting. Armanino is an amazing addition to our team and I have the highest confidence in their work.”

- **Footnote and Audit Support** – preparation of footnotes and audit assistance.

Benefits

GT Nexus now regards Armanino as a critical partner in its financial compliance, reporting, and employee retention and recruitment strategy. Benefits of Armanino’s Equity Compensation Outsourcing solution included:

- **Greater Stock Options Data Reliability** – Armanino, using EASi, reconciled twelve years’ worth of GT Nexus’ stock option data to bring the company completely up-to-date by the close of the calendar year. Armanino also prepared three years of accounting data, managed all footnote preparations and answered auditor questions.
- **Accurate Capitalization Tables** – Armanino helped GT Nexus set-up its capitalization table in EASi, reconciling all transfers and outstanding shares. Now, the company maintains an accurate cap table so that its CFO and Controller can check at any time to determine which employee or investor owns a specific type of security.
- **On-Demand, Date-Specific Reporting** – EASi’s unique date sensitivity keeps historical changes without overriding data. In turn, the platform can produce accurate, date-specific reports for audit or management.
- **Centralized Data Management** – Prior to implementing EASi, GT Nexus had staff from human resources and finance managing its stock option program. Now, the program is easily managed through finance, with one high-level manager and one supporting staff member—trained by Armanino—using the EASi system.

With Armanino, GT Nexus was able to transform its fragmented, inefficient administration and accounting for equity compensation process into a streamlined solution to meet the Company’s growing needs.

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About Armanino

Armanino^{LLP} (www.amllp.com) is the largest independent accounting and business consulting firm in California and the 29th largest firm in the United States. Armanino provides an integrated set of audit, tax, consulting, and technology solutions to companies in the U.S. and globally. The firm helps clients adapt and change in every stage of business from start-up through rapid growth to the sale of a company. Armanino emphasizes smart technology, leading a cloud revolution of financial, operational, sales and compliance tools that are transforming the way companies do business. Armanino extends its global services to more than 100 countries through its membership in Moore Stephens International Limited – one of the world’s major accounting and consulting membership organizations. In addition to its core consulting and accounting practices, Armanino operates two other divisions – AMF Media Group (www.amfmediagroup.com) and Financial Horizons (www.financialhorizons.com).