

# Adobe Systems Equity Compensation Group

**Employer cuts labor and mailing costs of stock option agreements, thanks to enhanced e-signature feature in Acrobat 5.0**

## PROFILE

- Leading provider of software solutions for Network Publishing
- Employees: Approximately 3,000
- Revenue: Exceeding \$1.2 billion in 2001
- Headquarters: San Jose, California
- [www.adobe.com](http://www.adobe.com)

## BENEFITS SUMMARY

- Distributing stock option agreements via e-mail as Adobe PDF files enables the Adobe Equity Compensation group to manage 3,000 mailings in a few days without hiring temporary staff.
- Step-by-step guidance for creating and attaching e-signatures in Acrobat 5.0 has increased the document return rate within two weeks from 45% to 90%.
- The e-signature feature ensures that stock option agreements are not altered.
- Adobe PDF maintains the integrity of the agreements and provides a stable format for archiving documents for future reference.
- Digitally signed Adobe PDF files are stored in a searchable archive, eliminating the need to spend hundreds of hours filing documents.
- JavaScript support in Acrobat 5.0 enables Adobe's Equity Compensation Group to batch process customized Adobe PDF agreements with information from Microsoft Excel spreadsheets.

Managing stock option agreements can be a very paper- and labor-intensive process, and it is critically important that it be done exactly right. Companies must customize agreements, print and distribute them, follow up with employees who neglect to return the paperwork, compare the returned agreements with the originals to make sure pages weren't altered, and then archive them. Now the Equity Compensation group at Adobe Systems is radically reducing costs and labor by distributing and archiving stock option agreements electronically as Adobe Portable Document Format (PDF) files. The enabling technology: the enhanced e-signature capability in Adobe Acrobat 5.0.

"Acrobat 5.0 leads employees step-by-step through the digital signature process, including creating their private and public keys," says Helen Hauge, senior manager of equity compensation. "It combines robust security features with the ease of use needed for employee acceptance."

### From paper to electronic workflow

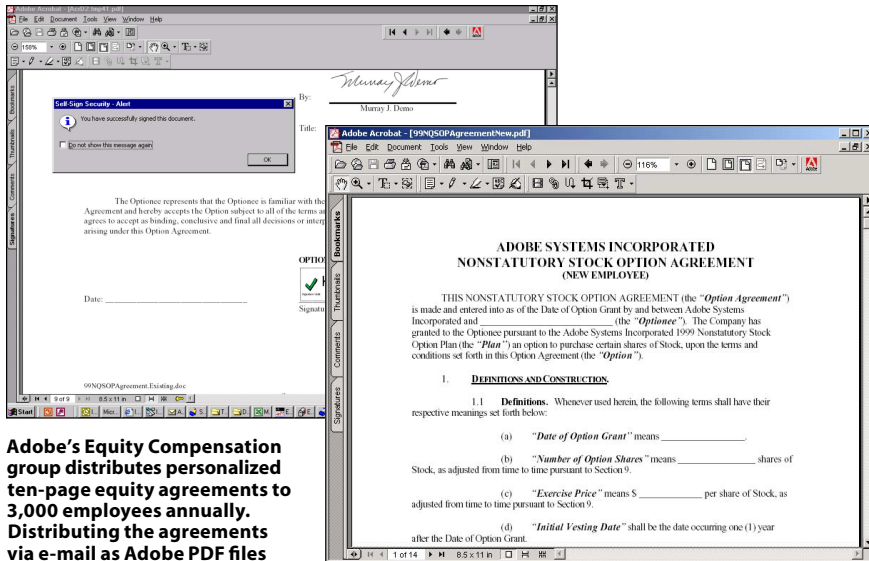
Adobe's Equity Compensation group distributes personalized ten-page equity agreements to about 3,000 employees annually, including stock option agreements for new hires as well as for existing employees who are granted stock options as a reward for excellent performance. Employees must sign and return their agreements before they can exercise their stock options.

In 1999, the Equity Compensation group began investigating more efficient, economical

alternatives to its paper-based workflow for distributing and processing agreements. Use of an electronic file format would reduce or eliminate the costs of generating the agreements, folding them and stuffing envelopes, mailing, and filing the returned agreements. Yet the requirements for an electronic format were stringent. The legal documents had to look exactly as intended, and Equity Compensation needed assurance that people couldn't alter the documents without detection.

The solution: Adobe Acrobat and Adobe PDF. First the group created an Adobe PDF file with a standard stock agreement. Then a programmer used the JavaScript support in Adobe Acrobat 5.0 to create an application that populates the standard agreement with employee-specific information, such as number and price of options, from a Microsoft Excel spreadsheet. An employee in the Equity Compensation group simply clicks the Convert to Adobe PDF icon on the Excel toolbar to batch create customized agreements as Adobe PDF files.

Next, to distribute the agreements, a user clicks another button in Acrobat 5.0 to e-mail the Adobe PDF files directly to intended recipients. "With the Adobe Acrobat and Adobe PDF solution, we can manage 3,000 or more mailings in a few days, without hiring temporary staff," says Hauge. "We instantly eliminated the cost and time to mail thousands of employees tens of thousands of pages of documents."



**Adobe's Equity Compensation group distributes personalized ten-page equity agreements to 3,000 employees annually. Distributing the agreements via e-mail as Adobe PDF files and leveraging the e-signature capabilities in Acrobat 5.0 software have reduced costs, streamlined processes, and improved document turnaround time from a 45% return rate to a 90% return rate over a two-week period.**

*“Acrobat 5.0 leads employees step-by-step through the digital signature process, including creating their private and public keys. It combines robust security features with the ease of use needed for employee acceptance.”*

*Helen Hauge  
Senior manager of equity compensation  
Adobe Systems Incorporated*

**E-signatures**

The enhanced e-signature feature in Acrobat 5.0 is essential for companies that want to electronically receive legal documents such as stock option agreements. After reviewing the agreement, employees sign it digitally and then simply click the e-mail button in Acrobat 5.0 to send it back.

The e-signature feature also gives Adobe the assurance that the agreements are not altered. In contrast, the distribution of paper documents can require that pages be compared against the originals to be sure they are the same. This step is now obsolete because Adobe PDF documents created with Adobe Acrobat 5.0 include the signature of both the originator and the employee.

**Exact fidelity**

Adobe PDF maintains the integrity of the stock option agreements across a broad range of hardware and software and also provides a stable format for archiving documents. “Because people are already familiar with the appearance of our paper agreements, the fidelity of Adobe PDF files contributed to employee acceptance,” says Hauge.

In fact, the acceptance has been phenomenal. When agreements were distributed via mail, about 40% of employees returned their agreements within the first week. Now, due to the ease of using e-signatures in Adobe Acrobat 5.0, 75% of agreements are received within a week—more than half of those in one day. Within two weeks, an impressive 90% are returned.

**Searchable archive**

Adobe PDF files are a boon for archiving as well as distribution. In the past, the group had to hire temporary employees to file the paper agreements as they were received. Now the digitally signed Adobe PDF files are simply stored in a searchable archive. If an employee loses an agreement, the group can locate and resend it instantly. “By archiving Adobe PDF files, we eliminated the need to spend hundreds of employee-hours filing documents or regenerating duplicates because some employees lost their originals,” says Hauge.

**Time freed**

By reducing the time spent on administrative tasks, Adobe Acrobat 5.0 frees employees in the Equity Compensation group to focus on other essential projects. The group plans to extend the advantage by using the JavaScript capabilities in Adobe Acrobat 5.0 to automatically validate and record employees' acceptance or rejection of stock option agreements. “With the enhanced digital signatures capability in Acrobat 5.0, we've streamlined and become more efficient,” says Hauge. “The time, cost, and space savings will only increase with time.”

**TOOLBOX**  
 Adobe Acrobat 5.0  
 Microsoft Excel 2000  
 Microsoft® Windows NT®  
 PCs

