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Dan Watt
Director, Human Resources
Systems Solutions,
Scotiabank

Scotiabank

COMPANY PROFILE

- One of North America’s leading financial institutions
- Canada’s most international bank
- International workforce of approximately 48,000
- Provide innovative financial products and services to individuals, small and medium-size businesses, corporations and governments across Canada and around the world
- Spreadsheet based environment for executive compensation decision making

GOALS

- Create online repository for executive compensation data
- Support multiple currencies and employees in fifty countries
- Mitigate risk
- Increase accuracy and consistency of data
- Improve administrative processes around executive compensation allocations

SOLUTION

- Authoria Compensation Advisor for salary, bonus and long term incentive management
- Robust reporting tool developed by Scotiabank’s internal IT team

CHALLENGE

Create a central online repository for executive compensation data; mitigate risk and increase accuracy and consistency of data.

With an international work force of approximately 48,000 employees spread across 50 countries, using many different currencies, mitigating risk and assuring accuracy and consistency of data is an imperative for Scotiabank. Dan Watt, Scotiabank’s Director, Human Resources Systems Solutions at the time of implementation explains, “risk is almost always a component of a business case at the Bank – we are dealing with our employees’ pay and errors are just not acceptable”.

Prior to the Authoria solution, Scotiabank was using Excel spreadsheets to process their annual executive compensation process. Distribution of the spreadsheets was primarily through e-mail, though did involve a combination of faxes and

diskette distribution. Sometimes numbers had to be re-keyed, and handwritten changes on faxes had to be deciphered, raising the potential for error. It was through the dedication of Scotiabank employees and a heavy, labour-intensive audit process that delivery of the annual compensation process was error-free prior to implementation of the Authoria solution.

Like Scotiabank was, many companies are struggling with the arduous task of consolidating spreadsheets to manage their compensation process. However, according to a 2003 Gantry Group study, investments in HR automation are on the rise, up 5.1% in 2003. Scotiabank’s determination to centralize their compensation information

in order to reduce risk and make the administrative processes more cost effective was a cutting edge decision that reinforced their position as a forward-thinking company.

Scotiabank needed to create a central online repository for their compensation data so the information could be used worldwide and it had to be adaptable enough to support many currencies. Scotiabank was looking for a solution to guarantee the accuracy and consistency required for their executive compensation programs. It had to be flexible enough to support many different types of plans in order to support their global population.

After looking at two other options; a competitor's solution and an internally developed solution, Scotiabank chose the Authoria Compensation Advisor for salary planning, bonus, mid and long-term incentive management.

SOLUTION

Authoria Compensation Advisor

Scotiabank chose Authoria Compensation Advisor to deliver accurate payments and centralized data, allow access from anywhere in the world and reduce the risks of manual error. "With Authoria Compensation Advisor it is like night and day compared to our old system. In one instance a new compensation program was introduced 3 weeks before the payout date. We were able to get the plan defined in the system and the amounts assigned to the employees. That would just not have been possible with the old spreadsheet approach. The Authoria product made this much easier." Watt said.

The implementation of their compensation initiative occurred very rapidly. The scope of the project included two different organizations within Scotiabank, 11 bonus plans, 4 stock plans and 2 salary plans. The entire rollout took place within a six-month period.

Scotiabank staff did not require extensive training during the deployment stage, a 30-40 minute instruction on how to use the system proved sufficient.

RESULTS

Reduction of Overtime and Risk Mitigation

With the implementation of the Authoria Compensation Advisor, Scotiabank has seen notable results. Scotiabank has been able to reduce the amount of overtime. Watt tells us, "credibility of the process has increased and we have been able to reduce the time it takes to allocate and audit the bonus, stock and salary adjustment components of our executive compensation programs...everyone gets more sleep now".

Jonty Hart, Senior Manager, Total Compensation Group tells us, "the compensation decision making process has been reduced each year since implementation. Prior to the Authoria implementation, the compensation decision making process took over 1 month from the release of worksheets through to approvals not taking into account overtime. In 2004, the process took 10 business days."

Jonty continues on to say, "feedback from the Authoria users has been very positive. Through time, more users are beginning to see the benefits of having access to compensation information at their fingertips throughout the year, as well as during the critical compensation planning months."

FUTURE DIRECTION

Authoria Compensation Advisor is the vehicle for decision making around Scotiabank's executive bonus programs. Going forward, Scotiabank wants to take advantage of the modeling within the product to provide managers with robust information all year long. They are also looking into using it to manage market survey information.



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