

Aligning Company Incentives with Corporate Objectives

Tom Castley
Vice President of Xactly EMEA

Company Overview

XTLY
LISTED
NYSE

- ✓ Leading provider of cloud-based incentive compensation solutions for employee and sales performance management
- ✓ Company founded in 2005
- ✓ 870 customers worldwide*
- ✓ More than 425 employees
- ✓ Locations in San Jose, Denver, Washington D.C., UK, and India



*As of January 31, 2016

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INCENTIVES MATTER.

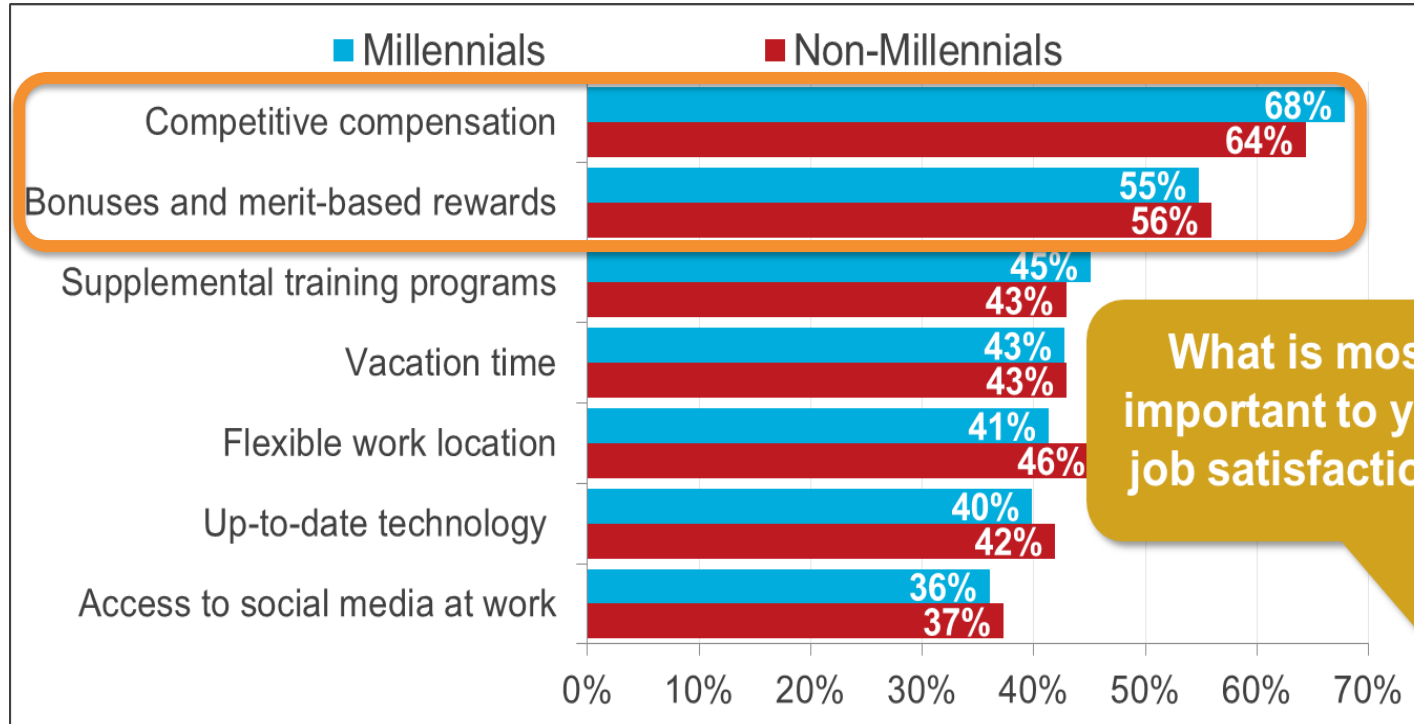
“Incentives are very important for keeping a sales team motivated. I have an old saying: if you put a cauliflower up as a prize, salespeople will compete for it.”

Helen Peake
Sales Manager, Yell

The image features a stylized, glowing blue profile of a human head in silhouette. Inside the head, a brain is depicted with a network of glowing blue lines representing neural connections. A thought bubble, shaped like a cloud, is positioned over the brain, containing the text "Incentive s Matter". To the right of the head, a glowing blue carrot is shown with its roots extending downwards. The background is a dark blue gradient, overlaid with various mathematical formulas and equations in a light blue, handwritten-style font. The overall aesthetic is futuristic and technological, suggesting a connection between the brain, incentives, and complex systems or algorithms.

**Incentive
s Matter**

The Millennial Misunderstanding



Source: www.2020workforce.com/tag/employee-satisfaction/

For Example...

Plan



- > Revenue
- > Acquisition



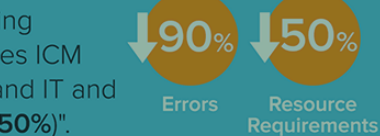
Corporate Objectives



- > Premium Products
- > Retention

ANICS

Systems can **limit business** actually seen some systems that that their constraints actually **opposed to the system enabling** handcuffs it!



According a Ventana Research study, **65% of companies surveyed** said the biggest issue with incentive calculation is the process is too slow.

Some great practices and improve our data quality, an implementing Xactly."

PROBLEM 2: MISALIGNMENT



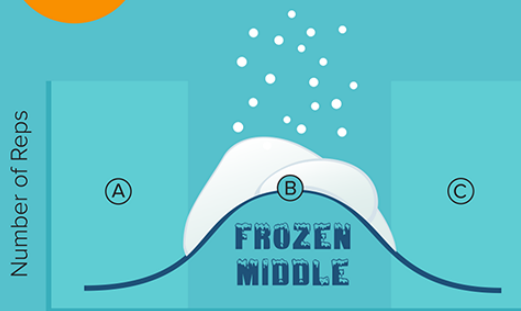
HEY!! You're shooting the ball in the wrong basket!

45%

of compensation plans are

MISALIGNED

with company goals.



Attainment vs. Quota

Key Issues:

- A. Fix or Lose
- B. Shift Curve
- C. Retention



"We're now driving strategic sales behaviors worldwide, with all our people in all our regions hearing the same tune. We have been able to track performance by region and see the trends over the last five years, which has enabled us to model our plans and change accordingly."

Katie Guest, Global Sales Compensation Manager

Carestream

PROBLEM 3: M

Gartner

"E an been captured through impr compensation plans"



"The gro increased compensa drive str



Calc fast



PROBLEM 1: POOR MECHANICS



Manual or homegrown systems can **limit business agility**. In fact, we have actually seen some systems that were so brittle and limited that their constraints actually drove plan design. **As opposed to the system enabling the business, it actually handcuffs it!**

According to:
Gartner

Key factors sustaining ICM demand include, "Growing awareness of operational benefits realized with sales ICM systems (which reduce errors by **more than 90%**, and IT and administrative staffing requirements by **more than 50%**")."

↓90% Errors
↓50% Resource Requirements

COMP IS SLOW!

65%

According to a Ventana Research study, **65% of companies surveyed** said the biggest issue with incentive calculation is the process is too slow.



"During implementation, we gained some great practices and process cleanup. We were able to improve our data quality, an unexpected benefit we received in implementing Xactly."

Patti Bliss, Senior Vice President



YOUR CURRENT SOLUTION:
The wrong tool for the job.

OUTCOME 1: AUTOMATE

A BETTER ENGINE



"Moving to Xactly has brought transparency and trust to our compensation initiatives. It not only helped us greatly improve efficiencies, but we are now able to provide the clarity sales and finance needs to sell better and create more impactful plans. With Xactly, we can take our sales compensation and performance to a whole new level."

Melissa Moody, Vice President, Business Analytics



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STOP HERDING CATS.

Get reps to chase the right mouse.

OUTCOME 2: MOTIVATE

ALIGN REPS WITH COMPANY GOALS

According to:
ABERDEEN GROUP

↑4%

"Companies who leverage mobile as part of their ICM solution experience **4% better annual improvement** in sales employee time to productivity over companies who do not."

↑5%

"5% More Reps make their quota, 37% quicker sales cycles."

↑37%



"Some of NBC's Business Units had a 50% increase in victories, with a 25% higher price point after implementing Xactly..."

Eric Johnson, Vice President of Commercial Excellence **NBCUniversal**

PROBLEM 3: MISSED OPPORTUNITY

Gartner

"Enterprises will miss the equivalent of 5% to 10% of annual sales as 'lost opportunity' that could have been captured through improved management of sales territories, quotas and compensation plans"



"The growth of our sales team meant an opportunity for increased revenue—provided we had the proper sales compensation management architecture or data insights to drive strategic sales behaviors."

Marisa Massie, Controller



LOSING BY SHARING

This tech company was paying **161 people** per deal, now they pay **5-7**.



Calculating the fastest route!



MAP VS. GPS

Before smart phones we used paper maps.

OUTCOME 3: OPTIMIZE

OPTIMIZE TO AVOID LOST OPPORTUNITIES



ANSWER THESE QUESTIONS WITH ACTIONABLE DATA

- ① Are reps making quota?
- ② What incentives produce optimal outcomes?
- ③ Are you over/under paying?



"Sales leaders have visibility into which reps are performing best and why, allowing for rapid changes when they need it. For example, this year, one business unit designed and implemented an entire strategy in two weeks!"

Doug David, Director, Sales Compensation and Operations



How many carrots
are in our plan?

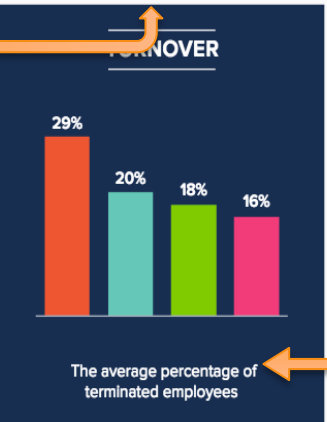
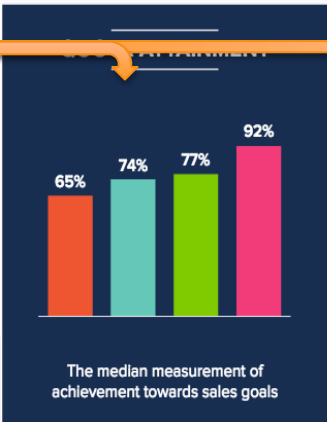
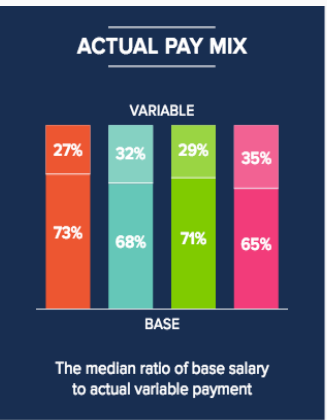
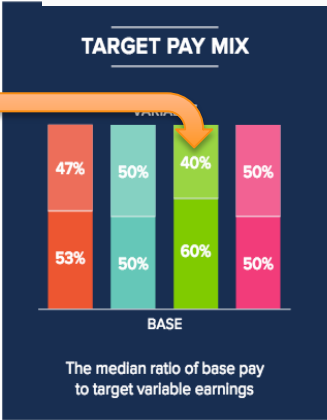




A Better Way

The Secret of Cutting Edge Companies: SaaS & Cloud

LEGEND: SMB REP (Red), ENTERPRISE REP (Teal), SMB MGR (Green), ENTERPRISE MGR (Pink)



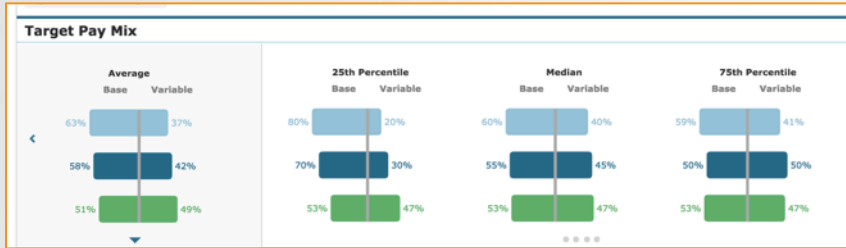
Very Leveraged

Accelerated Plans Not Delivering

Quota Problem!

Leads to Turnover

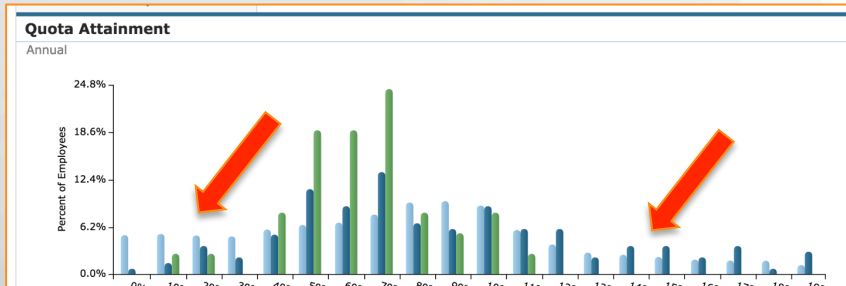
WHY YOU HAVE TO LOOK BEYOND THE AVERAGE



We are offering less incentive to top performers vs. our peers.



We are offering more incentive to low performers vs. our peers.



This results in a quota performance curve where we have too many reps at the lower end, and not enough at the top.

Gifts - Analysing our Xactly Insights™ data



Gifts - Analysing our Xactly Insights data

- Xactly customers that are using Insights show 3-5 % higher quota attainment
- Gender gap: Our Insights product has shown that women outperform men by 3%, but are actually paid 7% less!
- Companies that pay competitively at the 75% percentile or higher see 50% less turnover
- Companies that “peanut butter spread” quotas across similar roles see 14% less quota attainment than those that stagger quotas accordingly
- Optimal amount of people credited per deal is 5, specifically: 1 Account Exec, 1 Solutions Consultants, 2 Sales Managers, 1 Senior Sales Manager
- 2 - 3 measures per plan will show optimal rep performance
- The best cross-selling reps make the best sales managers, not your top performers!