CaptivateIQ

How to Find the Commission Software Solution That's Right for You

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Introduction

Sales compensation represents the single largest go-to-market (GTM) investment for most B2B companies, making commissions a mission critical process. At its worst, commission management is a time-consuming, burdensome, and complex cog in the GTM motion. At its best, incentive compensation is a strategic lever driving business growth in a manageable, automated, and iterative way.

With so many stakeholders involved across finance, operations, and sales, getting this right can have a substantial impact on growth for any organization. This is why companies across industries are looking at all of the options that are available to them. But with such a critical business lever, choosing the right path forward is key.

What Is Sales Commission Software?

Sales teams are adopting technology to save time on administrative tasks, gain insights into their selling process, and ultimately drive more revenue for their organization. If your sales team has lofty goals and is preparing to scale, you should start by looking at one of your most powerful levers: commissions.

Commission plans aren't meant to be designed once and never looked at again. Like any other part of your business, commission plans should be analyzed for their effectiveness, tailored to your team's goals, and updated as your business changes and grows.

For too long, finance and sales operations teams have relied on a complicated set of spreadsheets to track commissions and payouts. While spreadsheets have their advantages in terms of familiarity and flexibility, one incorrect formula could cause an avalanche of problems: incorrect payouts for the sales team, headaches for the finance team, and lost trust all around.

Sales commissions deserve a purpose-built solution that enables the flexibility of spreadsheets, combined with the safeguards of automation to prevent mistakes and ensure everyone is paid accurately and on time. Before you start looking for incremental improvements elsewhere in the sales process, invest in the technology that ensures your team is taken care of where it matters most – their wallets.

How Does Commission Software Benefit Your Team?

When evaluating a commission solution, it is important to consider the impact it will have on each stakeholder. There will be many different roles that are directly impacted by a commission solution, so ensure each team is represented in the decision-making process, gathering requirements and priorities before the vendor selection begins.

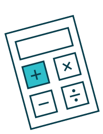
Compensation administrators save time

Although they can live in a variety of different departments with a diverse range of titles, comp admins are directly responsible for the design, deployment, and management of an incentive compensation structure. These compensation admins will need direct insight into the evaluation to ensure the solution can meet their needs.

Their priorities include:

- Seamless data connectivity and transformation so they can calculate commission quickly
- Automated, accurate, and easy-to-use commissions
- Streamlined and in-context inquiries to quickly answer questions from sales reps and performance-based employees
- Compensation design flexibility to support any plan or structure
- Adaptable solution to deploy incentive changes, whenever leadership wants them deployed

Finance and accounting leaders get it right the first time

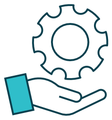


While likely spending less time directly in your commission tool, finance and accounting will oversee a lot of the budgeting and strategic planning around commissions, which is usually one of the largest line items in a growing team's budget.

Their priorities include:

- Lowering commission-related total cost of ownership (TCO)
- A future-proof solution that can scale with the team and revenue goals
- Eliminating mistakes and getting payouts right the first time
- Auditability and compliance with ASC 606, SOC II, and more

Sales Ops and RevOps leaders focus on operational priorities

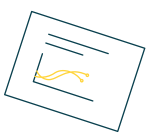


A leader on the sales operations or revops team will be working across finance and sales to ensure the team's incentive compensation program is aligned with go-to-market priorities and effective at driving toward the organization's revenue goals. They are responsible for reporting on revenue and rely on data they can trust and easily communicate to their executive stakeholders and respective teams.

Their priorities include:

- Seamless data integrations across systems
- Collaboration tools that foster transparency and visibility for reps around their commissions
- Ability to quickly adjust commission plans and structures through a self-service interface
- Governance capabilities to adjust roles and permissions across an ever-changing sales team
- Advanced reporting and forecasting tools

Sales leadership accelerates revenue growth by pulling every available lever



Getting perspective from the people that actually rely on incentives to motivate their team is vital for selecting a best fit solution. As important as backend functionality is, ensuring your reps get a delightful commission experience has to be top of mind.

Their priorities include:

- Real-time insight into team performance against on-target earnings
- Forecasting to anticipate future needs and team changes to meet revenue goals
- Ability to analyze past commission plan performance in order to optimize and iterate for the future
- Streamlined communications between finance, operations, and sales reps to keep disputes at a minimum and quickly resolved

Sellers focus on selling

Sales people and commissionable employees care about their paycheck. Increased transparency around how their commissions are calculated will eliminate many of the time-consuming questions. After all, any time they are working on administrative tasks, they aren't selling.

Their priorities include:

- Traceability in commission payouts so they know which deal was paid out when
- Open line of inquiry with finance and admin teams to quickly settle any disputes

- Instant gratification knowing where they stand against their OTE and quota attainment goals

IT rests easy knowing the platform is secure

Managing commissions involves managing sensitive data, whether that's your customer data or employee compensation data. Depending on the size of your IT team, they may have their own requirements regarding networking, cloud, and data security.

Their priorities include:

- Passing and storing any and all data using security and encryption protocols that adhere to the latest privacy and security regulations such as GDPR and CCPA
- Industry-specific compliance requirements, such as HIPAA Security and Breach notifications
- Support for Single Sign-On (SSO) and user identification
- Detailed audit and job logs to quickly reconcile any discrepancies and support SOC I and SOC II audits
- Conducting penetration testing to proactively identify and resolve any security vulnerabilities

When Is the Right Time to Buy?

When investing in technology, it's important to take into consideration both your use case today, and how your use case may evolve in the future. There is nothing worse than outgrowing a software solution before you even finished implementing and training your teams.

Many high growth companies find that their sales team structures are evolving at pace with the company's growth. What was once one big team, may be split into different territories, vertical markets, or account-based models. With these changes will come new demands to your commission program structure.

When considering when is the right time to buy a commission software solution, ask yourself the following questions:

1. **How many sales reps or commissionable employees do you have today?** If the answer is at least 10 and growing, it's time to start planning for the future.
2. **How many reps do you expect to have next year?** A commission management solution that works today, may become unmanageable in short order. It's important to think ahead.

3. **Are you expecting to add new territories or product lines in the near future?** If so, consider if they would benefit from a commission plan tailored to the specific team's goals.

4. **How often are you correcting commission mistakes today?** The administrative cost is significant, but it's often surpassed in importance by the cultural impact. Lack of trust can be detrimental to your ability to recruit and retain top sales talent.

5. **How often are you making deductions from payouts?** Communicating clawbacks can be tricky, and it's important to have a transparent and accessible feedback loop to keep everyone on the same page.

High-performing revenue teams leverage software to make it possible to scale without sacrificing great communication and fostering great talent.

Comparing the Options

Commission technology is quickly evolving, so it's good to be aware of where it started, and where the industry is moving.

Spreadsheets or Homegrown Systems

The original, and still the most leveraged, commission solution is to manually mange commissions through the usage of spreadsheet (Excel or Google Sheets), but it quickly hits its limits.

Strengths:

- **Usability:** With spreadsheets being so commonly used for varieties of roles, there's virtually no learning curve for new users and is the most straightforward solution
- **Flexibility:** Spreadsheets won't have limitations to what you can build. While it may be incredibly manual as it gets more complex, spreadsheets are a limitless option for what you can build.

Drawbacks:

- **Accuracy:** With manual spreadsheets, comes manual errors. Accuracy in commissions can stir quite a fuss, with sales losing trust and shadow accounting on their payouts.
- **Scalability:** As your organization grows, so does its commission complexity. Spreadsheets aren't designed for scale, where only one person understands the formulas and changes cause headaches downstream.
- **Transparency:** Reps lack real-time visibility into their commission, building a lack of trust and motivation.

Legacy SPM providers

Originally developed to help move businesses away from commission management in spreadsheets, legacy SPM providers made major strides improving the commission process over the past couple decades, but have become overly complicated, requiring professional service teams to make most changes.

Strengths:

- **Automation:** Commissions are now automated with a solution that takes away the manual errors and complexity that comes with spreadsheets.
- **Transparency:** Legacy solutions were really a big step forward for rep transparency, giving them insight into current and future commission payouts while providing trust in accuracy as well.

Drawbacks:

- **Usability:** While alleviating much of the manual pain of spreadsheets, many of the legacy providers, like other software built in a similar timeframe, aren't all that intuitive, with much of the changes forced to funnel through professional services teams.
- **Adaptability:** While allowing comp admins to build out complex commission plans, when it comes to adapting commissions, legacy providers for the most part aren't nimble enough to make the ongoing adjustments that come with today's dynamic business environment.

New Wave

After years of the widening chasm between the unscalable and manual management of commissions in spreadsheets versus the clunky, inflexible-nature of the legacy solutions, new wave solutions began popping up from the simple notion that there must be a better way. CaptivateIQ, the leader of the new wave of commission management solutions, took the intuitive-nature of spreadsheets, combined with the scalability of those legacy providers, to create an entirely new class of market entrants.

> "I've done commissions and finance my entire career, so I have enough experience to know what we need. When I saw CaptivateIQ during the demo, I thought, 'Yes! I always imagined there was a tool out there that could do that!' It was everything I was looking for."

Brian D.
Senior Manager, Sales Finance

Why the new wave?

- **Flexibility:** New wave solutions allow you to design commission plans without limits with a solution that brings you the flexibility to design as you please.
- **Usability:** With the intuitiveness gap of legacy providers, the new wave solutions give the familiar nature of intuitive tech to shorten the learning curve for new users.
- **Scalability:** Keep the automation and future-proof functionality that comes with legacy providers without all the extra bells and whistles.

What to Look for in a Solution

If you're committed to investing in a product that will grow with you as your revenue team grows, then you'll want to invest in the leading provider of next-generation commission software with the features that matter most.

Seamless data transformation and integrations

The number of tools in your stack can make it difficult to keep all of the data organized. Each tool generates, analyzes, or ingests data differently and, to run most efficiently, those data sources need to be connected. Ensuring that you're able to connect to those key technologies without requiring you to prep on your data on the backend is key.

Functionality to look for:

- [ ] CRM Integrations (Hubspot, Microsoft Dynamics, Salesforce)
- [ ] ERP (Netsuite)
- [ ] Financial Management (Sage Intacct, Stripe, Zuora)
- [ ] Accounting Integrations (QuickBooks Online, Xero)
- [ ] HR Integrations (ADP Workforce Now, BambooHR, Workday)
- [ ] Data Warehouse (Amazon Redshift, BigQuery, Snowflake)
- [ ] Ability to pull in and transform data from any source
- [ ] Ability to set and customize your data sync on any schedule

Flexible and intuitive commission designer

Companies today have a unique opportunity to elevate commissions to become a strategic business driver. With the right sales incentive program, companies can better attract, retain, and motivate their internal teams. That's why it's so important to leverage a tool that empowers you to design any plan, regardless of the complexity. Empowering admins with an easy-to-use, familiar interface can reduce that learning curve and make adjusting your commission plan simple.

Functionality to look for:

- [ ] Easy-to-use, no-code modeling platform to build plans
- [ ] A data ingestion and transformation layer to making it easy to leverage business data for commissions
- [ ] Familiar UI/UX that doesn't require a major learning curve

Simplified, end-to-end collaboration across the commission workflow

Having an open and collaborative platform to communicate with your team members about the state of their compensation is no longer a nice-to-have. Just like other aspects of a business, transparency will help commissionable employees feel more trusting, comfortable, and secure, especially as many companies adopt a remote-first work environment. In addition to that, optimizing the tedious processes of your commissions' workflows can allocate hours back to your admins that would be better spent elsewhere.

Functionality to look for:

- [ ] Easy-to-manage approval workflows that also support organization complexity
- [ ] Streamlined management of payee contracts with reviewers and signees
- [ ] Seamless inquiry management to ensure seamless communication between reps and admins
- [ ] Thorough audit trail of your communication to give accounting teams peace of mind

Make better decisions with transparent, accurate reporting

There is an enormous amount of time, money, and effort that goes into creating high-performing sales teams. Ensuring both your reps and leaders have visibility into past, current, and potential future performance can be one of the biggest levers that a business has at its disposal. To do this, you'll need a solution that makes it simple for admins to leverage data collected and processed to quickly summarize, model, and visualize information, while also providing real-time visibility to reps and managers. The outcome? Reps and sales leadership alike can track performance and identify wins and areas for improvement.

Functionality to look for:

- ☐ Fully customizable rep statement designer for admins to provide the right level of visibility
- ☐ Real-time previewing of potential payouts for reps to motivate performance
- ☐ Dashboards and reporting that provider managers with insights they need to optimize incentives
- ☐ Compliance with key accounting principles like ASC 340, ASC 606 and IFRS15

Next Steps

Incentives are one of the most compelling levers that businesses have at their disposal to drive performance. Leveraging a solution to manage this aspect of your business has become an expectation for driving that success. Now that you have an understanding of what commissions software is, who the players are, and what functionality to look for, you should be ready to see what's out there and take the next step forward in commissions for your business.

If you're interested in seeing how CaptivateIQ is setting a new standard for commission management, please request a demo with our team here.

Additional Resources

- **Leverage this RFP template to guide your evaluation:** Track specific functionality, use cases, and functionality needed for your commission solution.
- **Learn about supported data integrations:** Connect your favorite apps and manage commissions from one platform.
- Read more about the **workflow collaboration**, **reporting**, and **compensation management** features that matter most.