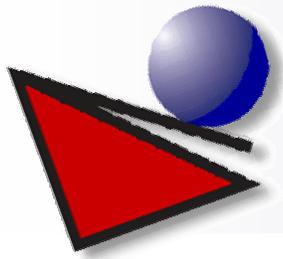


Show Me the Money

Incentive Compensation Plans for Service-Oriented Sales Teams

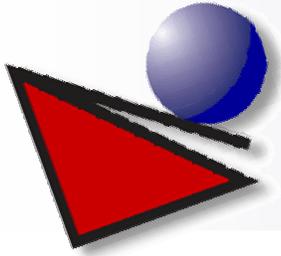




Agenda

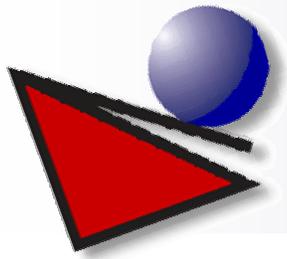
- About Keychain Logic
- SaaS Challenges & Sales Incentives
- Compensation Planning
- Targeting & Accelerating Goals
- Challenges & Timing





About keychainlogicSM

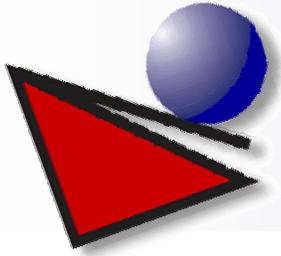
Keychain Logic provides customized on-demand revenue acceleration services to SaaS vendors and their partners. We are dedicated to driving scalable growth and developing an industry focused on delivering high-value solutions.



Challenges

- How is SaaS different?
- Where is SaaS similar?
- Possible Solutions?



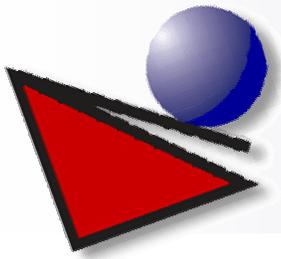


Challenging Ideas

Total Contract Value Plans

Annuity Plans





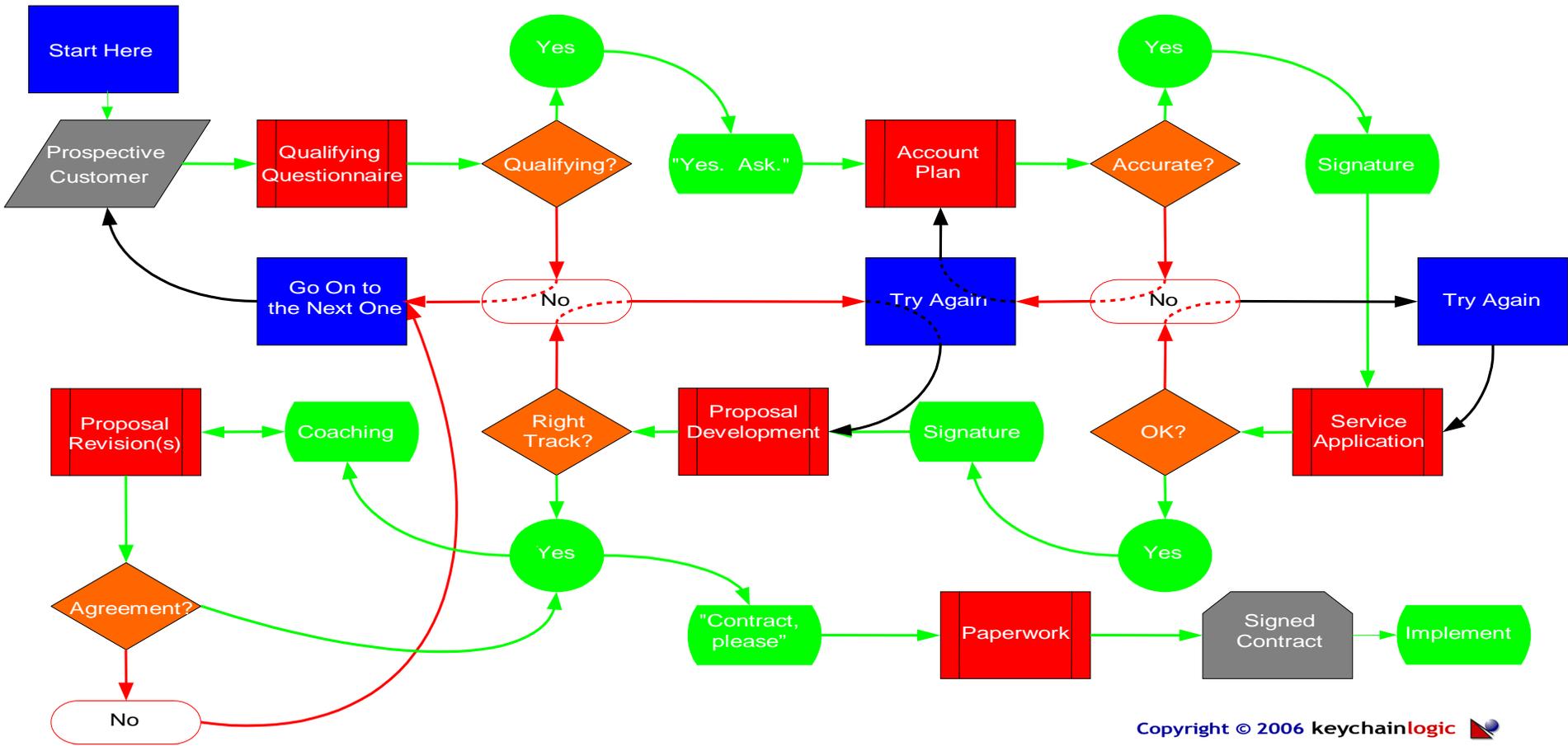
Tech Services Rev Gen



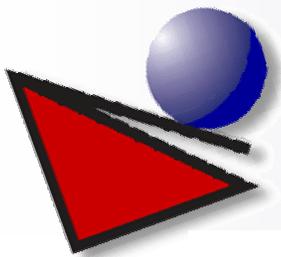
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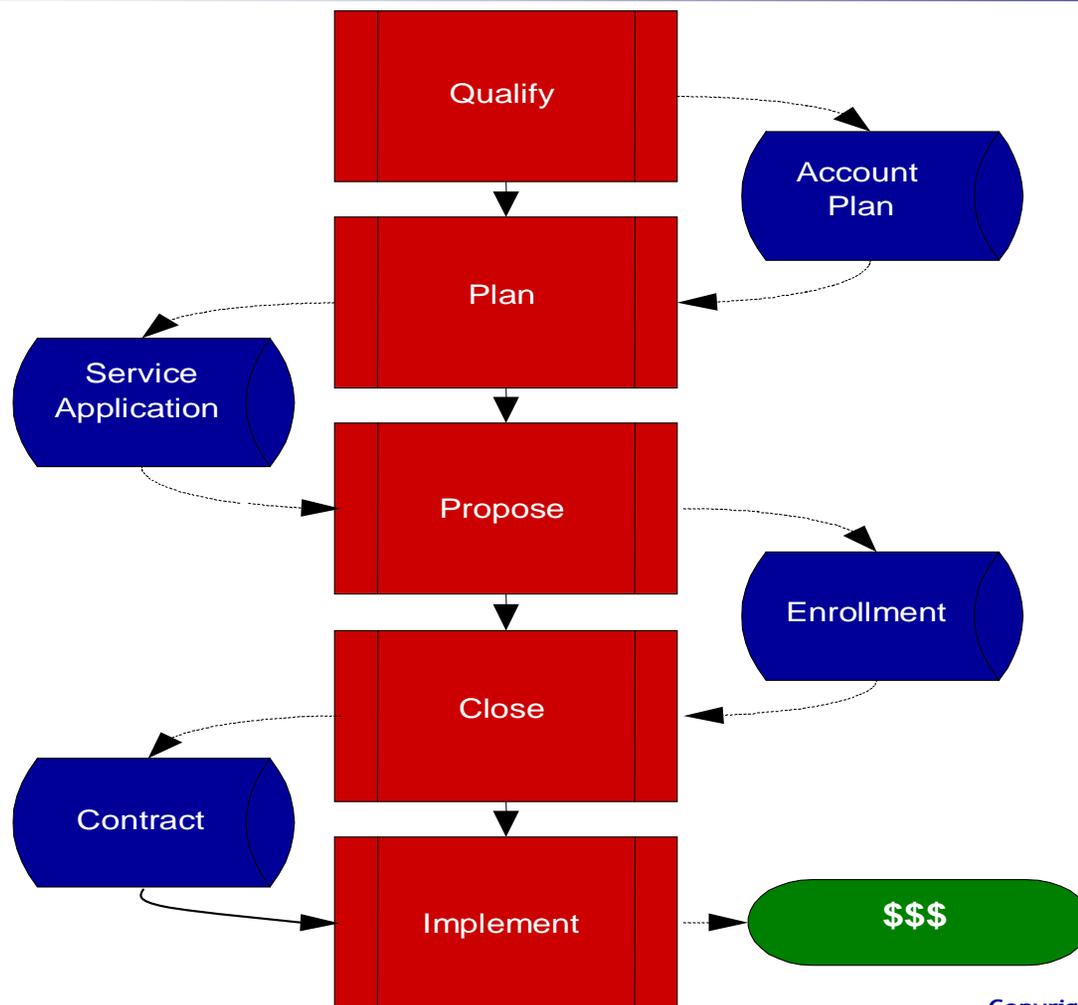
Process?



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A Better Process



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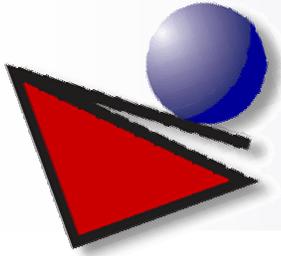
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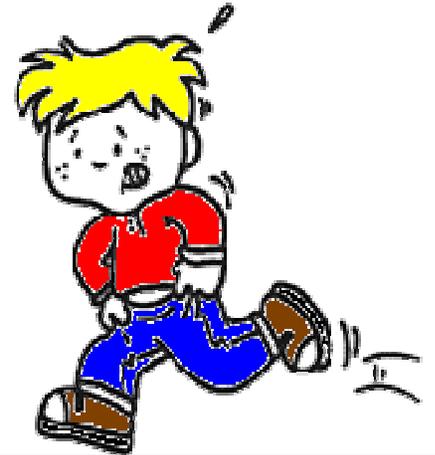
2008

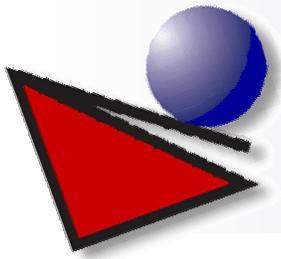
8



A Sense of Urgency

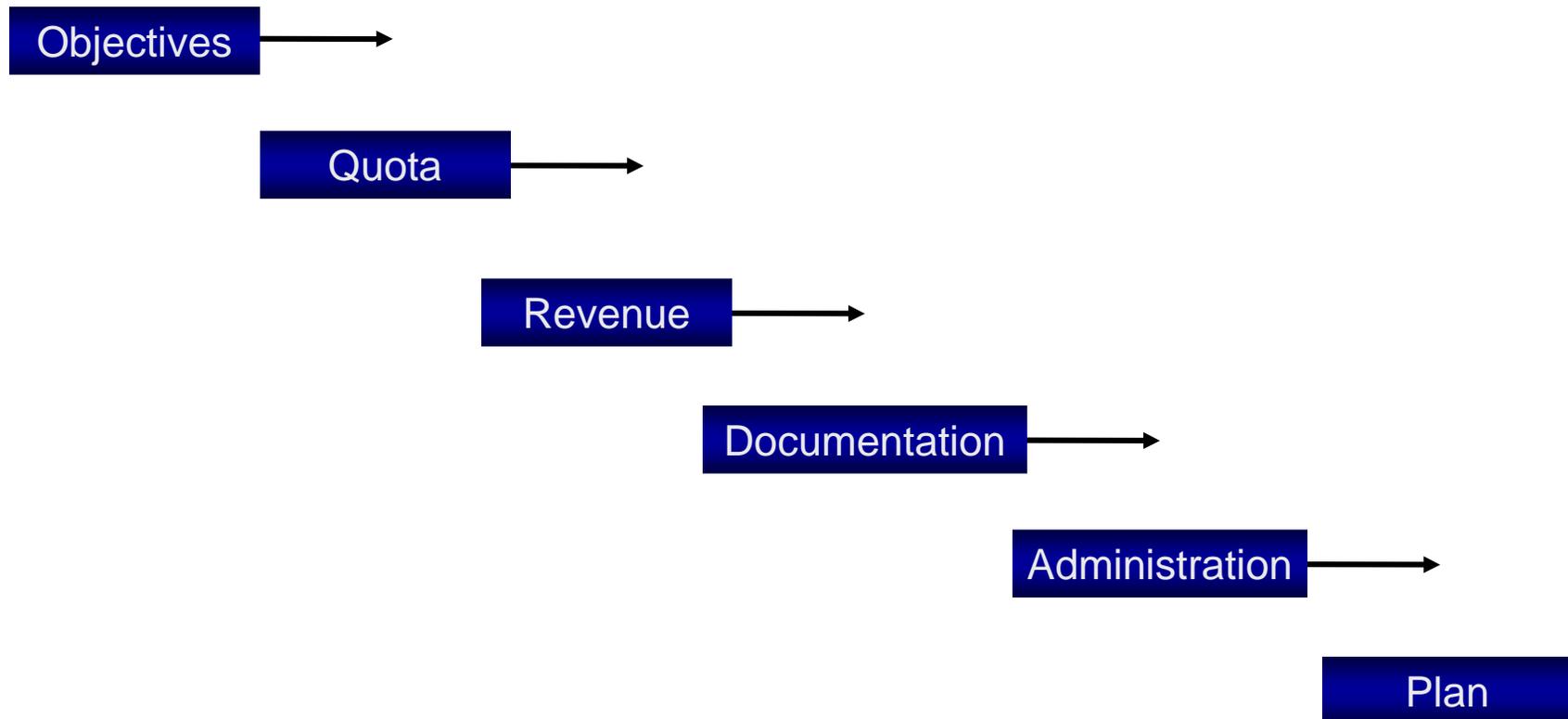
- Sales must reflect service commitment
- Customers want problems solved quickly
- Demonstrate it with every step

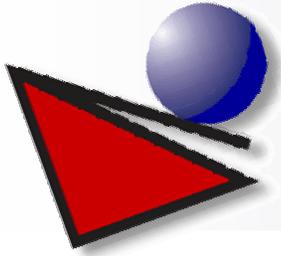




Compensation Planning

- Involves several steps:



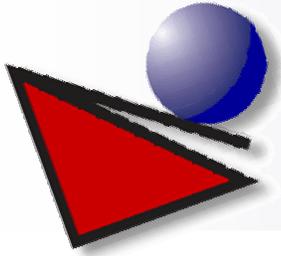


“The Rule of 78s”

Establish New Recurring Revenue

- The Magic of Compound Interest
- Leverage the Compounding Effect



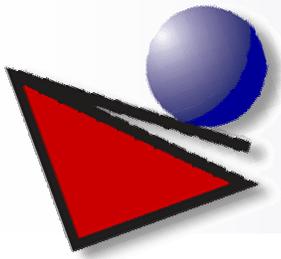


“The Rule of 78s”

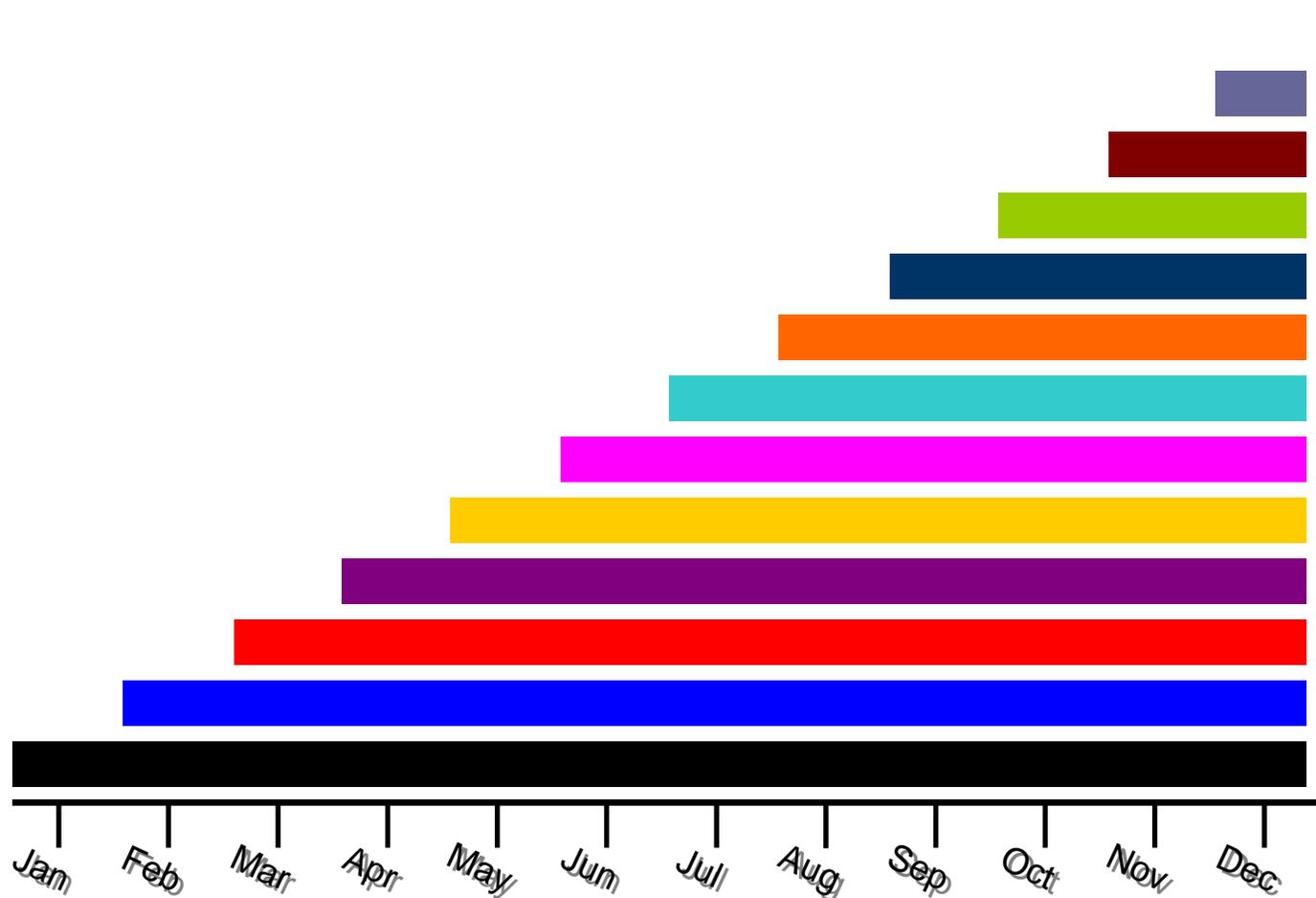
MRR Scenario:

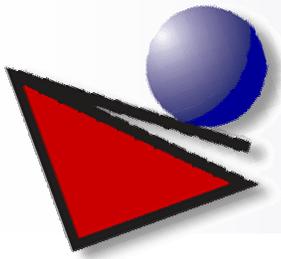
- Last year, your company billed \$13,000,000
- This year’s plan calls for 30% growth
- How much more must you bill *each month*?



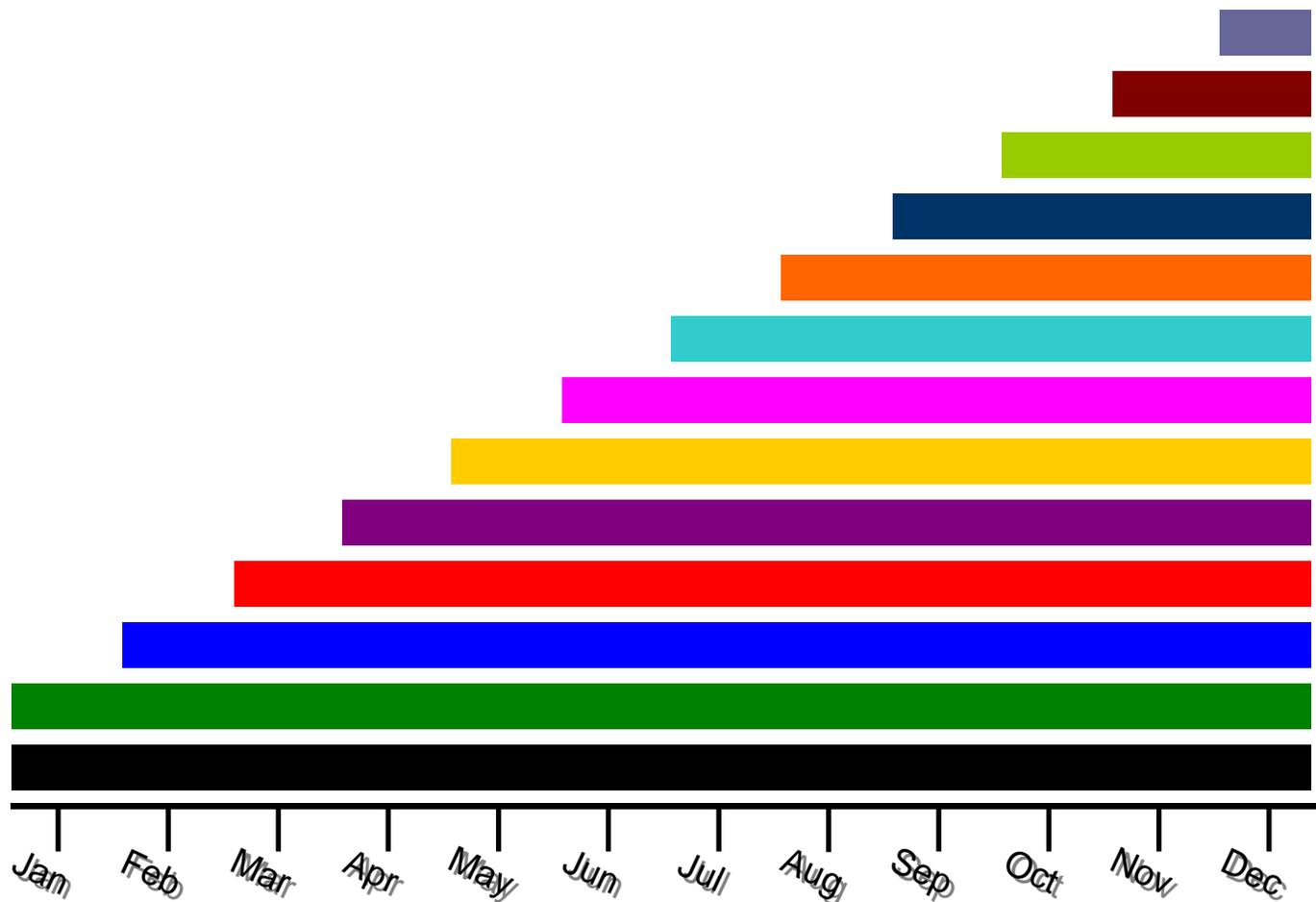


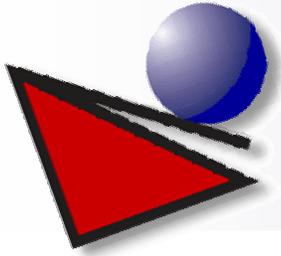
“The Rule of 78s”





“The Rule of 78s”



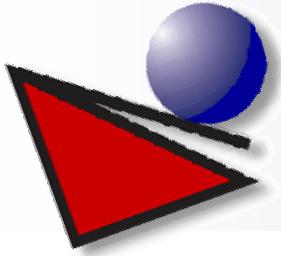


Sum of the Products

$$((\$13,000,000 \times 30\%) = \$3,900,000) \div 78 = \$50,000$$

January's	\$ 50,000	is billed	12	times =	\$ 600,000
February's	50,000	is billed	11	times =	550,000
March's	50,000	is billed	10	times =	500,000
<i>etc. throughout the year...</i>					
December's	50,000	is billed	1	time =	50,000
Totals			78	times =	\$3,900,000



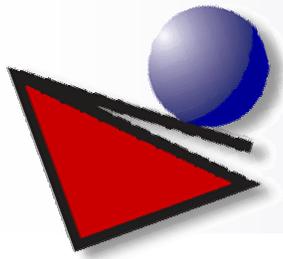


A Simple Rate

Commissions = 62.5% of New MRR

On-Target Earnings	\$150,000
Base Salary	75,000
Targeted Commissions	75,000
Total On-Quota Sales	\$120,000
Commission Rate	62.5%



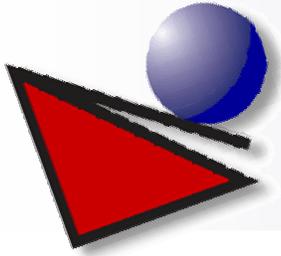


Tweaking

- Bring Focus by Adjusting Base Rate:

- Committed Revenue?
- New Logos?
- Accelerated Growth?

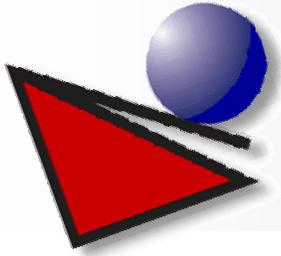
-4	-3	-2
-1	0	+1
+2	+3	+4



Calendar Friendship

- Compounding effect
 - 1Q sales can be worth 5x 4Q sales
- Early start builds momentum
- *But...* Don't get behind
(It's harder to make up)



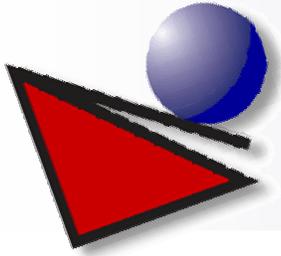


“Turbo Dollars”

ACCELERATE GROWTH

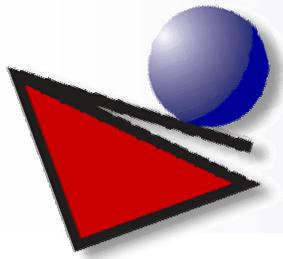
Remove Earnings Caps

“The Sky’s the Limit”



Timing

- Cash Is King
- Incentive vs. Responsibility
- Consider Payment Splits



Thank You

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Ken Boasso

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kboasso@keychainlogic.net

