



Motivate SaaS Sales Teams and Accelerate Revenue

April 22, 2009

Agenda

- About Xactly
- Best Practices for Motivating & Compensating SaaS Sales Teams

About Xactly

- Leader in on-demand sales performance management
- Target companies with 5,000 or fewer payees
- Focused on automating key business processes for finance and sales
- World-class management team with 35+ years of combined domain experience
- Managing \$2 billion+ in compensation
- Significant customer and partner traction



**Pioneering a New
Paradigm in Automating
Sales Performance.**

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Performance & Talent Management

SureWest

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2008 - 2009 Awards & Recognition

Performance Management



100 Hot Private Companies



Cablevision – SPM Leadership Award



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CRM Excellence



Best Financial Software Application



Best New Company



Enterprise Application Selection



Best Software-as-a-Service Showcase

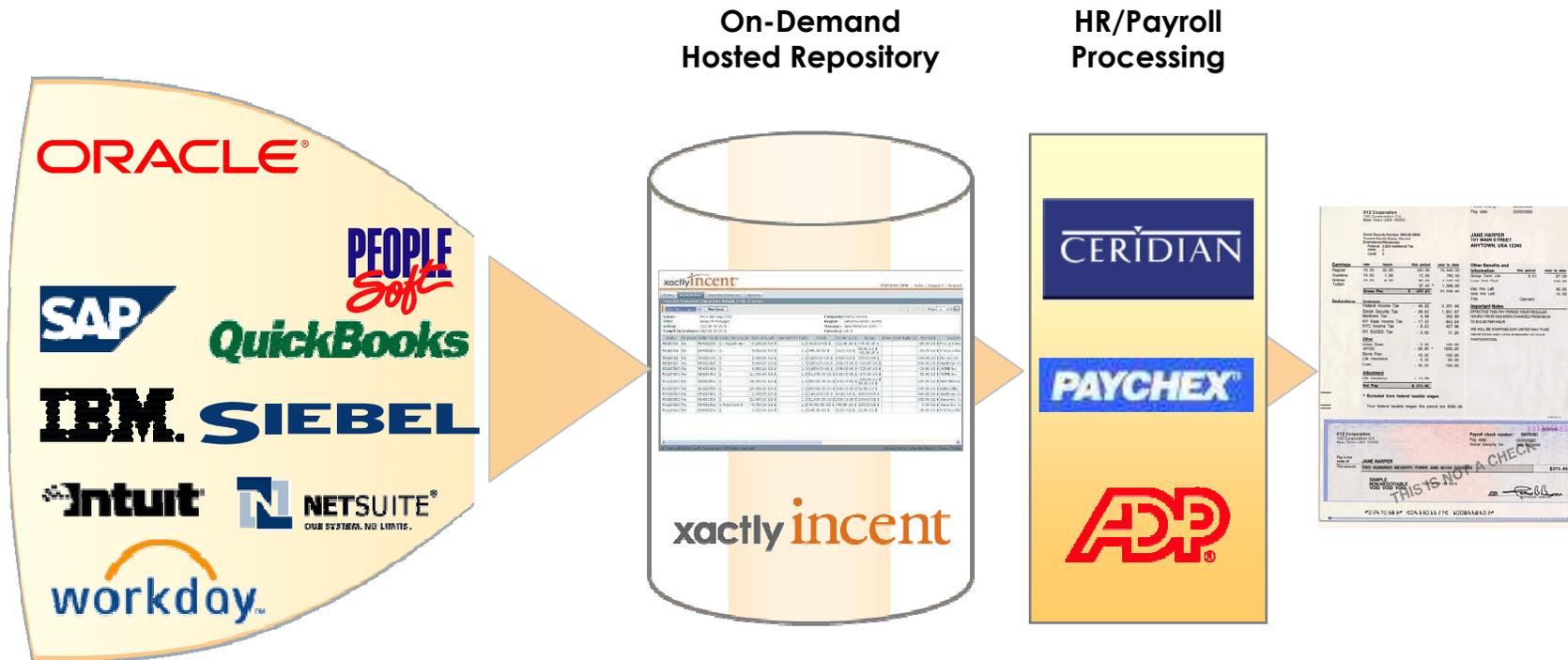


Best Financial Software Application



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Automating the Process of Compensation

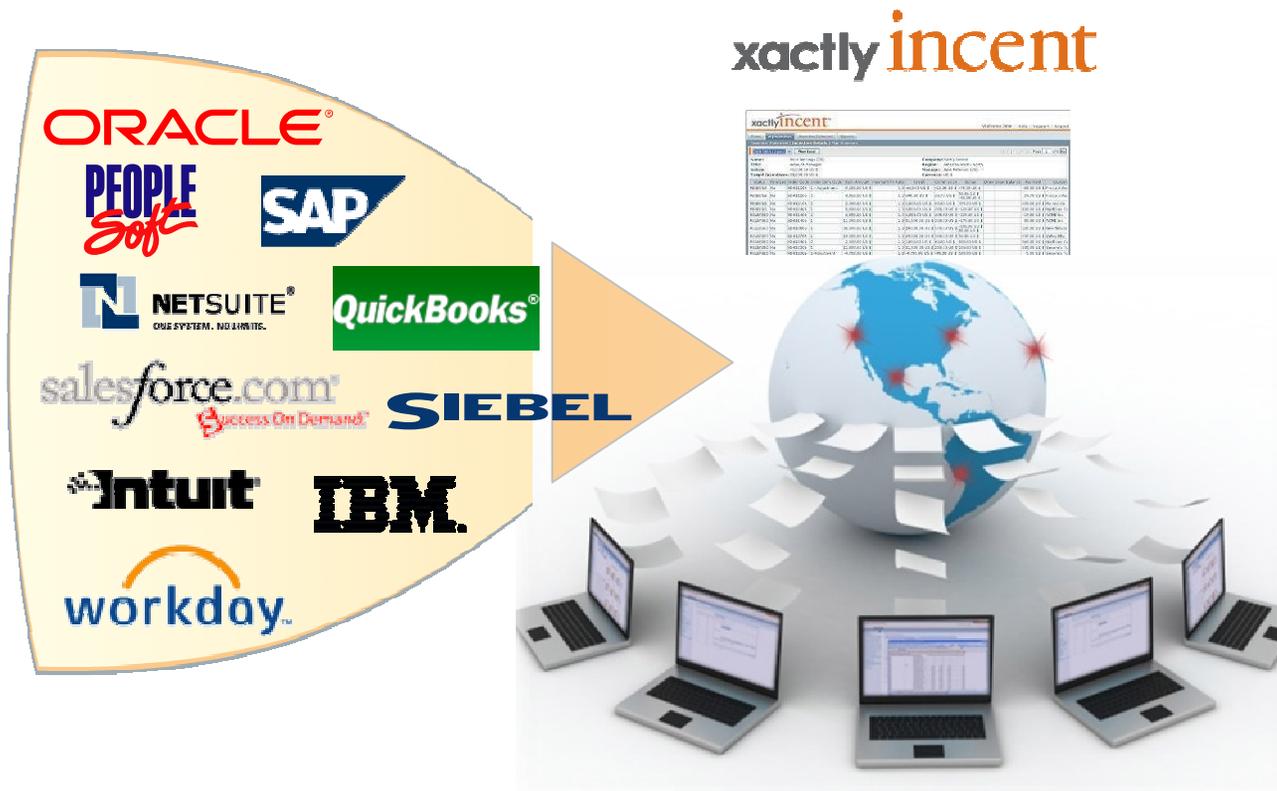


On-Demand
Hosted Repository

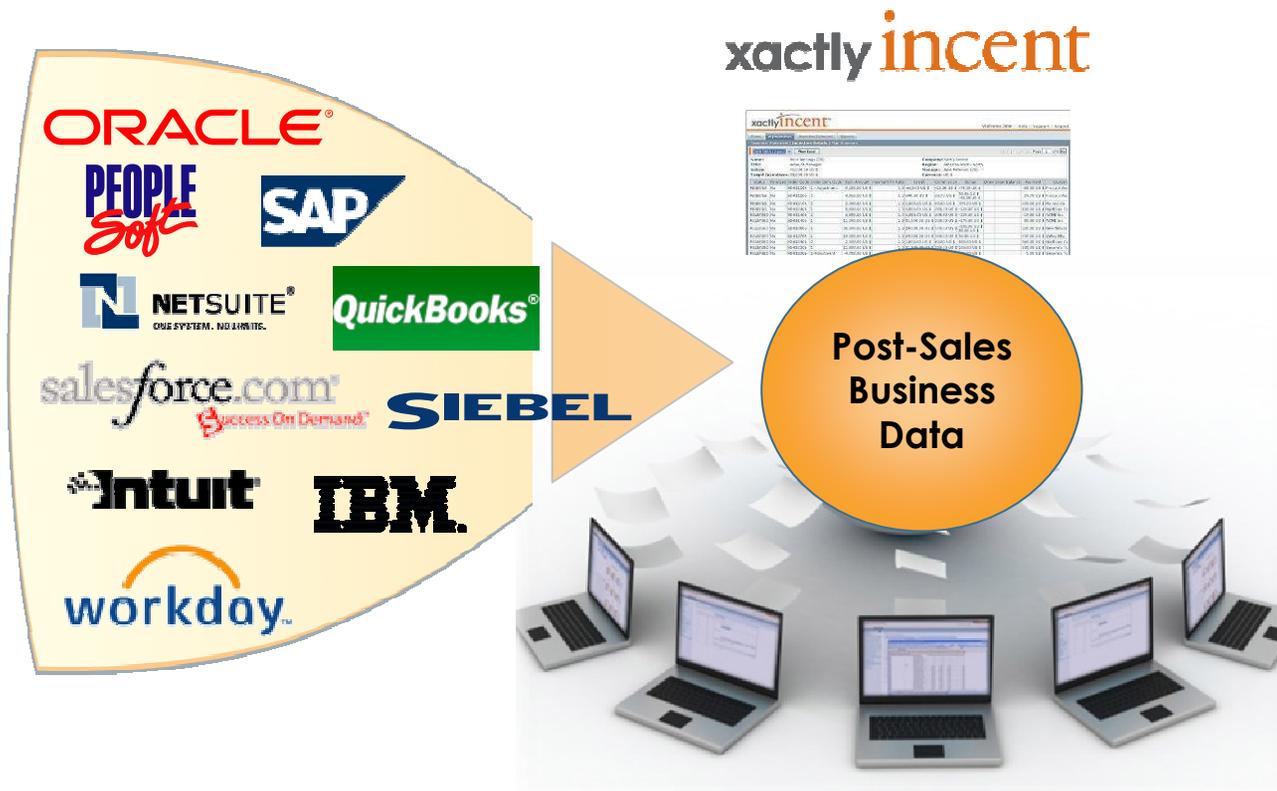
HR/Payroll
Processing

- Sales Compensation Analytics
- Product Profitability Analytics
- Customer Analytics
- Sales Performance Analytics

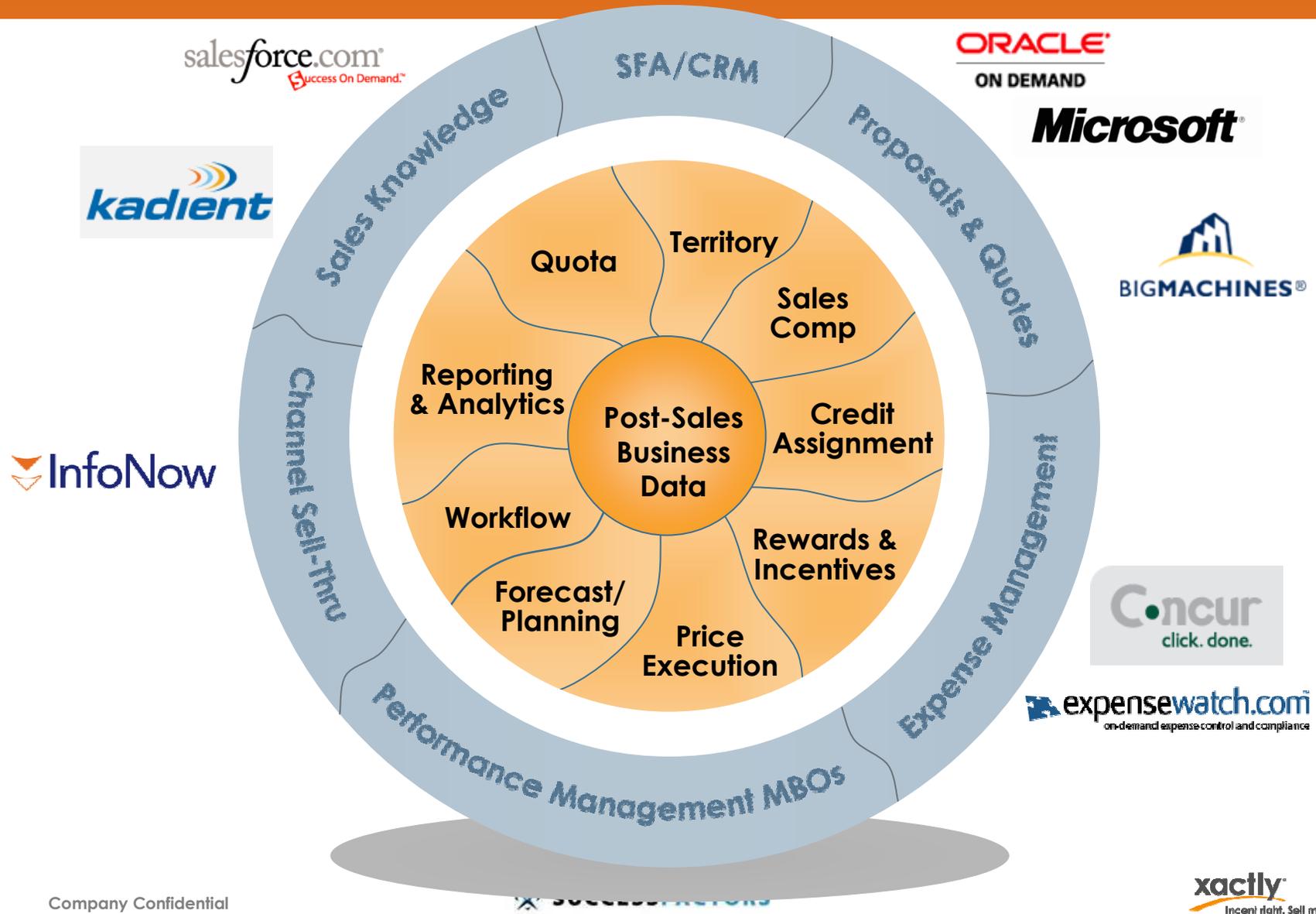
On-Demand Sales Performance Management



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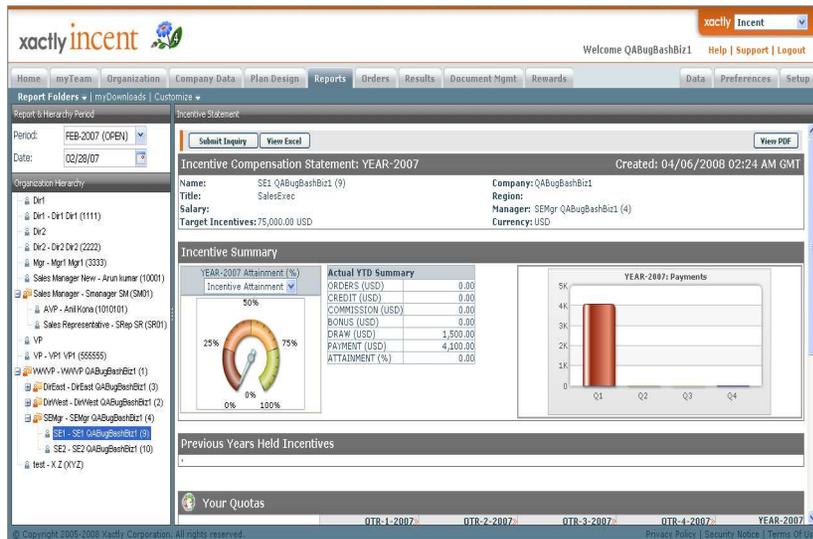
On-Demand Sales Performance Management

Commitment to Product Innovation



Best-of-Breed On-Demand Sales Compensation Management

xactly **incent**



- Award-winning product
- Flexible, rules-based compensation engine
- Intuitive compensation plan design, implementation and maintenance
- Real-time visibility into incentive compensation plans: commissions, bonuses, draws, SPIFs
- Real-time “what if” calculations
- Web-based reporting for the entire organization
- Plan Document and Certification Letter configuration, routing and tracking
- Effective dating



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Sales Compensation Challenges for SaaS Companies



Paradigm is a subscription model



Renewals are the lifeblood of the business



The key metric is Annual Recurring Revenue



No SaaS vendor is an island



Customer success is THE paramount issue

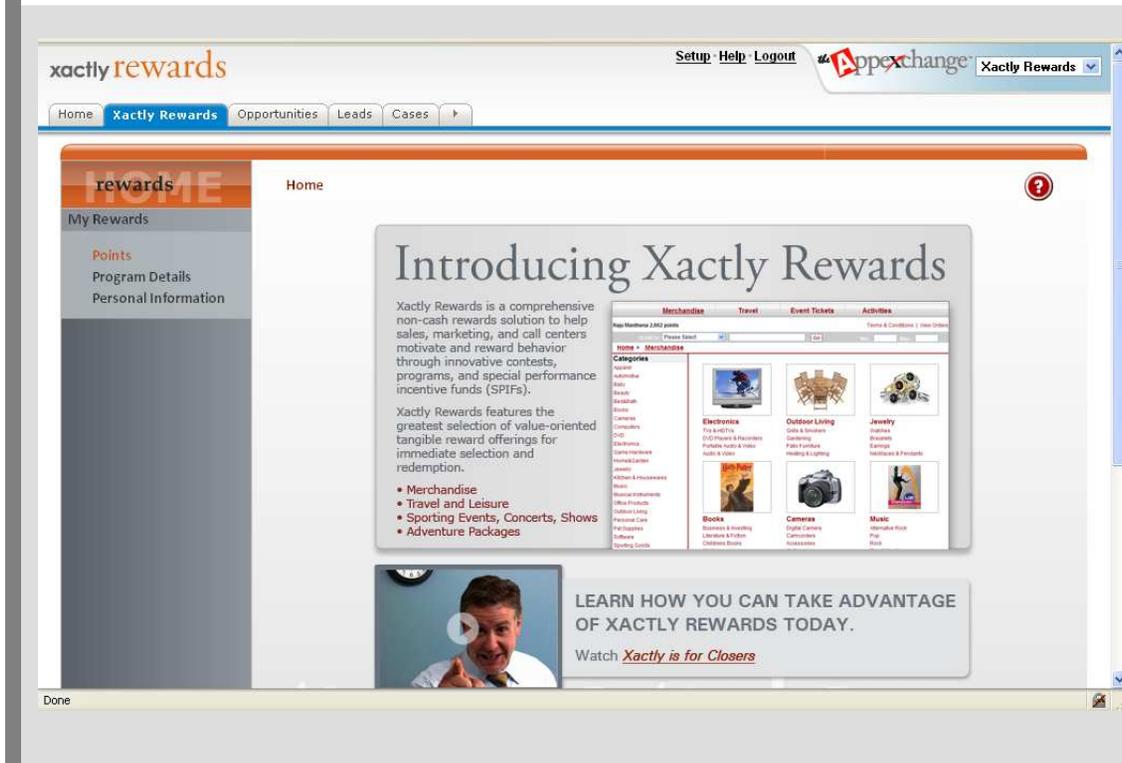
Subscription Model Challenges & Approaches



Paradigm is a subscription model

- How do you pay and keep reps motivated?
- Multi-year contracts
 - Pay on annual contract and anniversary date
 - Must have ability to clawback if customer cancels a multi-year deal
- Two teams:
 - Customer acquisition and customer renewal

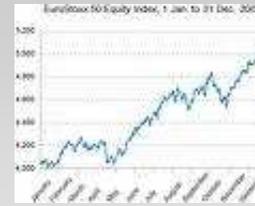
Subscription Model Approaches



Get Creative

- Use Non-cash Rewards:
- Pay on annual contract term & value
- SPIF on multi-year contracts
- SPIF on discount rates
- SPIF on add-on sales

Up-sell-Cross-sell—Referral and Team Incentives: “Drive More Wallet Share”



Investments



Home Mortgage



Savings Account



Checking Account

Renewals are the Lifeblood of the Business



Renewals are the lifeblood of the business

- You must earn your customer's business every single year
- Separate responsibility of renewals from new business
- Reward your customers for referrals

The Key Metric is Annual Recurring Revenue



The key metric is ARR

- **Challenge is revenue recognition**
 - 3-year deal can only be recognized 1/36
 - Determine what your ideal annual contract value is
 - **Must get innovative with compensation**

No SaaS Vendor is an Island



No SaaS vendor is an island

- **Build the right ecosystem for the long-term**
- **Compensate based on mutual referrals**
- **Do the integration to enhance the user experience**

Integration with Leading On-Demand CRM Apps

Opportunity: Acme - 1,200 Widgets

Estimated Incentives for Opportunity: Acme - 1,200 Widgets

Product	Quantity	Price	Description	Bonus	Commission
20P Cable Set	25.0	75.0	Cable sets	\$ 0.0	\$ 50.0
Universal Router	1.0	25000.0	multiple sale discount given	\$ 0.0	\$ 50.0
Platinum Plan	1.0	25000.0	multiple sale discount given	\$ 0.0	\$ 3.75

Estimated Totals

Bonus	\$ 0.00
Commission	\$ 103.75
Grand Total	\$ 103.75



YEAR-2007 Incentive Plan Summary

Item	Actual YTD Summary
PAYMENT (USD)	30,560.82
CREDIT (USD)	1,193,563.28
CREDIT (Qty)	20.00
COMMISSION (USD)	27,410.82
BONUS (USD)	3,159.00
DRAW (USD)	0.00
ATTAINMENT (%)	33.9%

Year Payments

	JAN-2007	FEB-2007	MAR-2007	QTR-1-2007	QTR-2-2007	QTR-3-2007	QTR-4-2007
Total Pending (USD)	0.00	0.00	0.00	0.00	6,843.65	0.00	0.1
Total Released (USD)	3,494.00	5,314.50	9,832.85	17,551.45	6,165.72	0.00	0.1



Customer Success Is THE Paramount Issue



Customer success is THE Paramount issue

- **Must have a dedicated customer success team**
- **The power shift has moved to the advantage of the buyer**
- **SaaS vendors must focus on renewals separate from sales**

SaaS Customers & Lessons Learned

- Focus is Customer Success
 - Hire 'farmers' to plant seeds to up-sell and cross-sell
- Quantifying contract value for commission payments
- Holding & releasing payments based on contract terms



Sales Performance Center of Excellence

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- A proven SPM implementation methodology
- Sales performance management best practices
- Industry benchmarking services
- Community, collaboration, networking
- SPM Knowledgebase
- Reusable assets: compensation structures and rules, business scenarios, templates

The screenshot shows the homepage of the Sales Performance Management Center of Excellence. At the top, there is a navigation bar with links for Blogs, Quaq Forums, and Message Board. Below this is a search bar and a main navigation menu with categories: HOME, COMMUNITY, RESEARCH & BENCHMARKS, RESOURCES, EVENTS/WEBINARS, and SPONSORS. The main content area features a large blue banner with the text 'Welcome to the Sales Performance Management Center of Excellence' and a brief description of the CoE as a cooperative business function. To the right of the banner is a 'User Login' section with input fields for Email Address and Password, and buttons for Login, Forgotten your password?, and Register for a new account. Below the banner, there are three featured sections: 'Featured Resource' for the 'SPM Rapid Deployment Methodology Guide', 'Join Us on:' with Facebook and LinkedIn icons, and 'Featured Blog Postings' with two articles by Christopher W. Cabrera. At the bottom, there is a 'Featured Events' section for 'Dreamforce 2008'.



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