



IBM Finance Forum 2013

Align Selling Resources and Transform Variable Pay Processes

19. Juni 2013

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Agenda

- Sales Performance Management (SPM)
- Cognos SPM (aka Varicent) solution overview
- Customer quotes, case studies and proof points
- Touring Club Schweiz Customer Case
- Live Demo

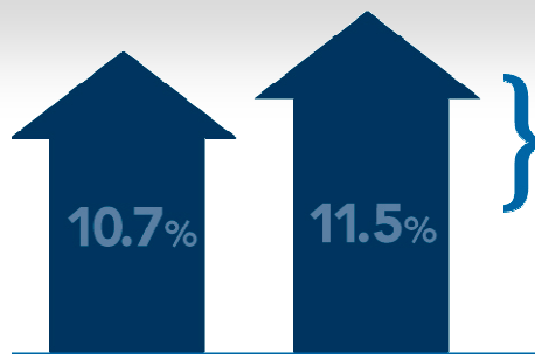
Sales Performance Management **Value Proposition**

Today's Pressure on sales organizations

2012 Most Important Sales Priorities



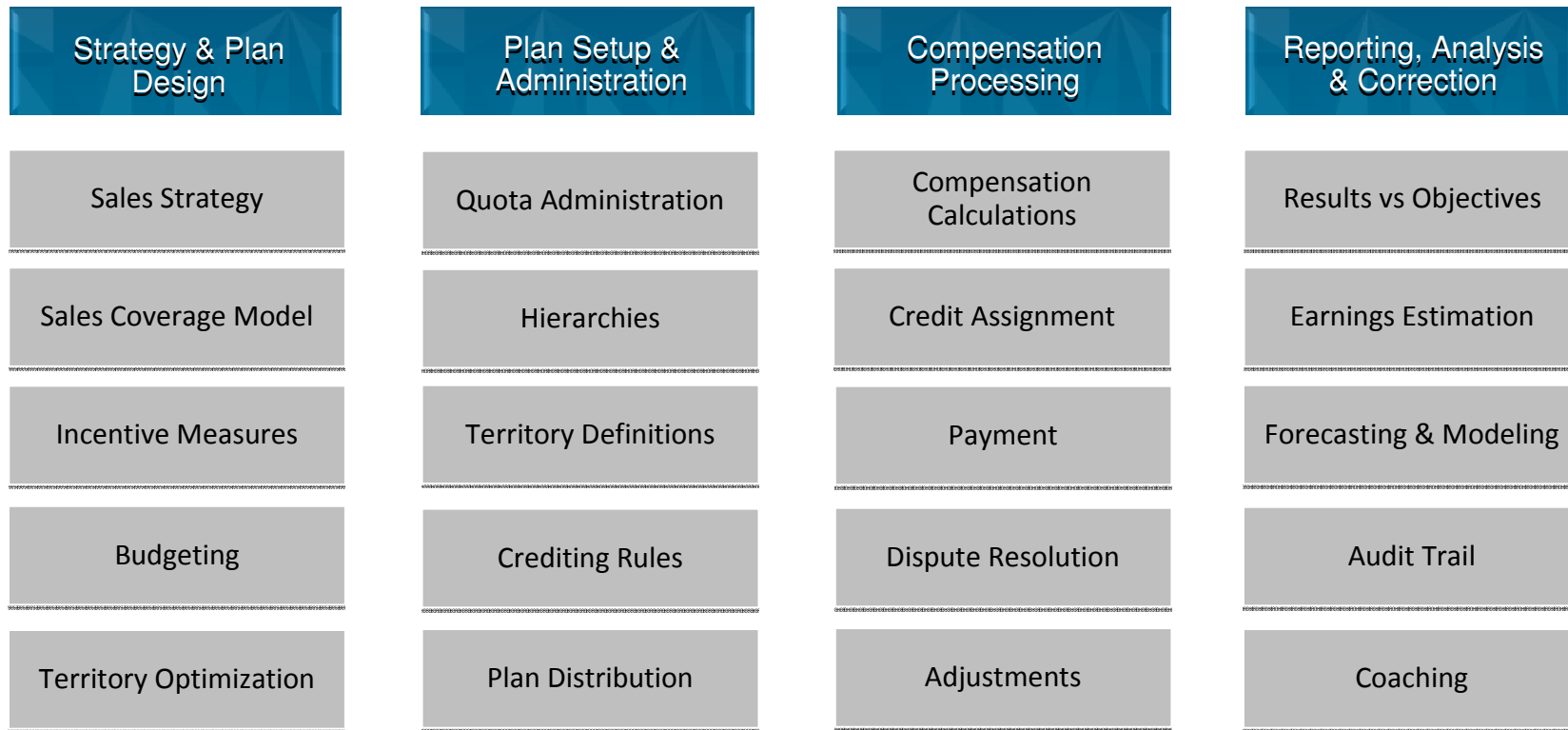
And finance leaders are recognizing the growing magnitude of compensation



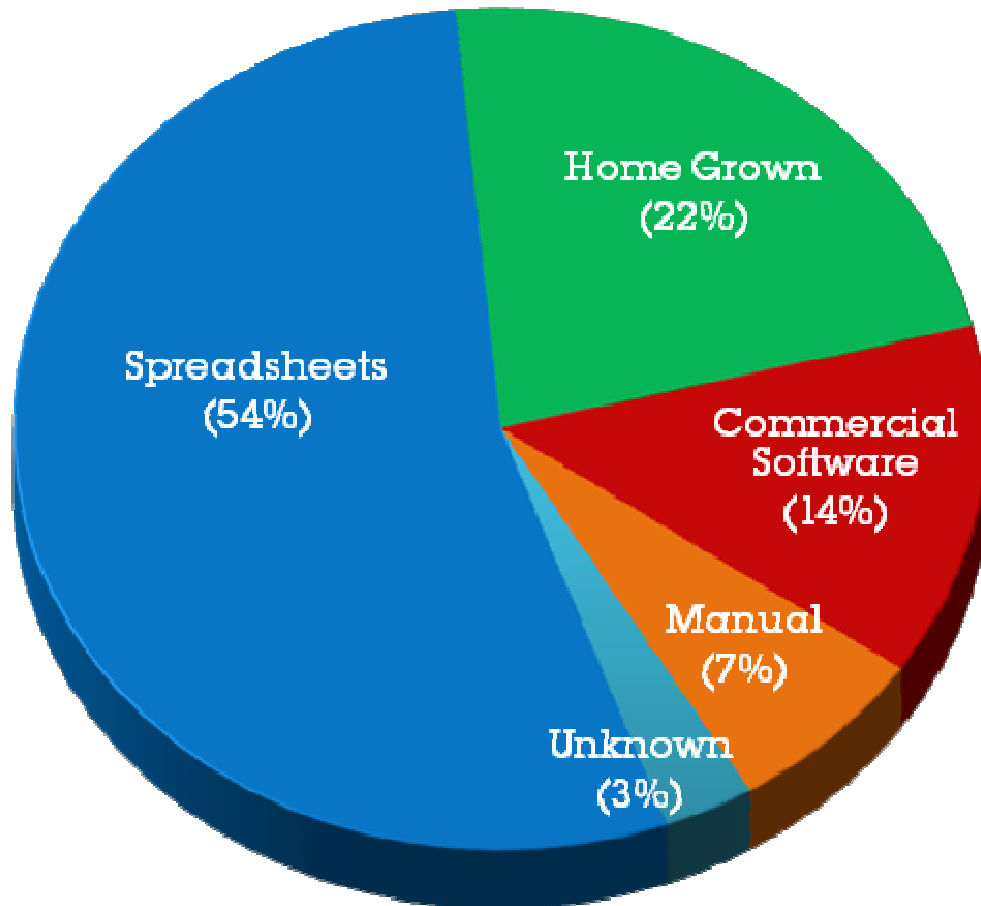
Sales Compensation spend as a percentage of annual revenues is up to **11.5%** from **10.7%**



SPM is part of a Larger Sales Planning and Operations Framework



How Is Sales Compensation Managed today?



How Tough Can it Be?

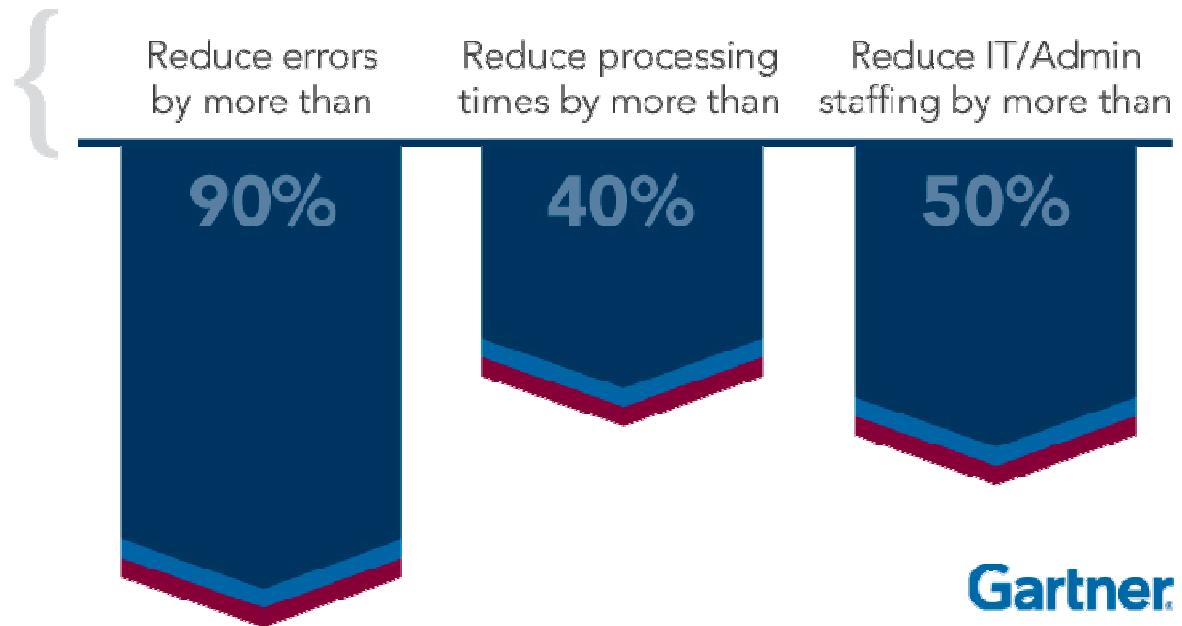
Get the checks out on time
Make sure they're accurate
And . . .

- Be flexible for changing priorities
- Manage complex territories
- Set accurate quotas
- Generate enthusiasm
- Deliver timely and insightful reports
- Resolve questions and disputes
- Do it with less headcount
- Analyze impact of new plans
- Plan for reorganizations

CSO Insights - 2012 Sales Compensation & Performance Management, Key Trends Analysis

Why Companies Adopt Sales Performance Management Technology

Organizations adopting SPM technologies



Bonus overpayment estimates:
Accenture: 3-5 %
Deloitte: 4-7%
Gartner: 2-8%

Why Companies Adopt Sales Performance Management Technology

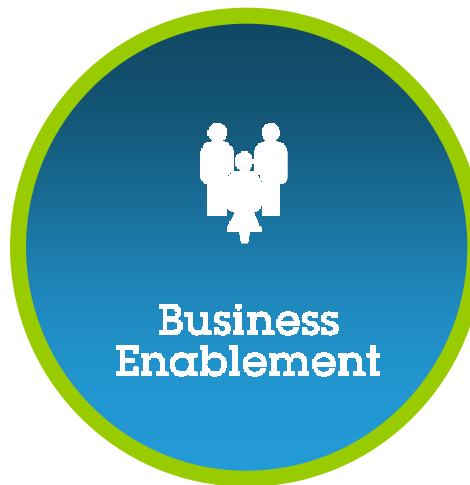


Efficiency & Accuracy

Reduce errors

Shorten cycle times

Replace technology



Business Enablement

Mergers & Acquisitions

New Comp Plans

Sales/Partner/Service Steering



Risk Reduction

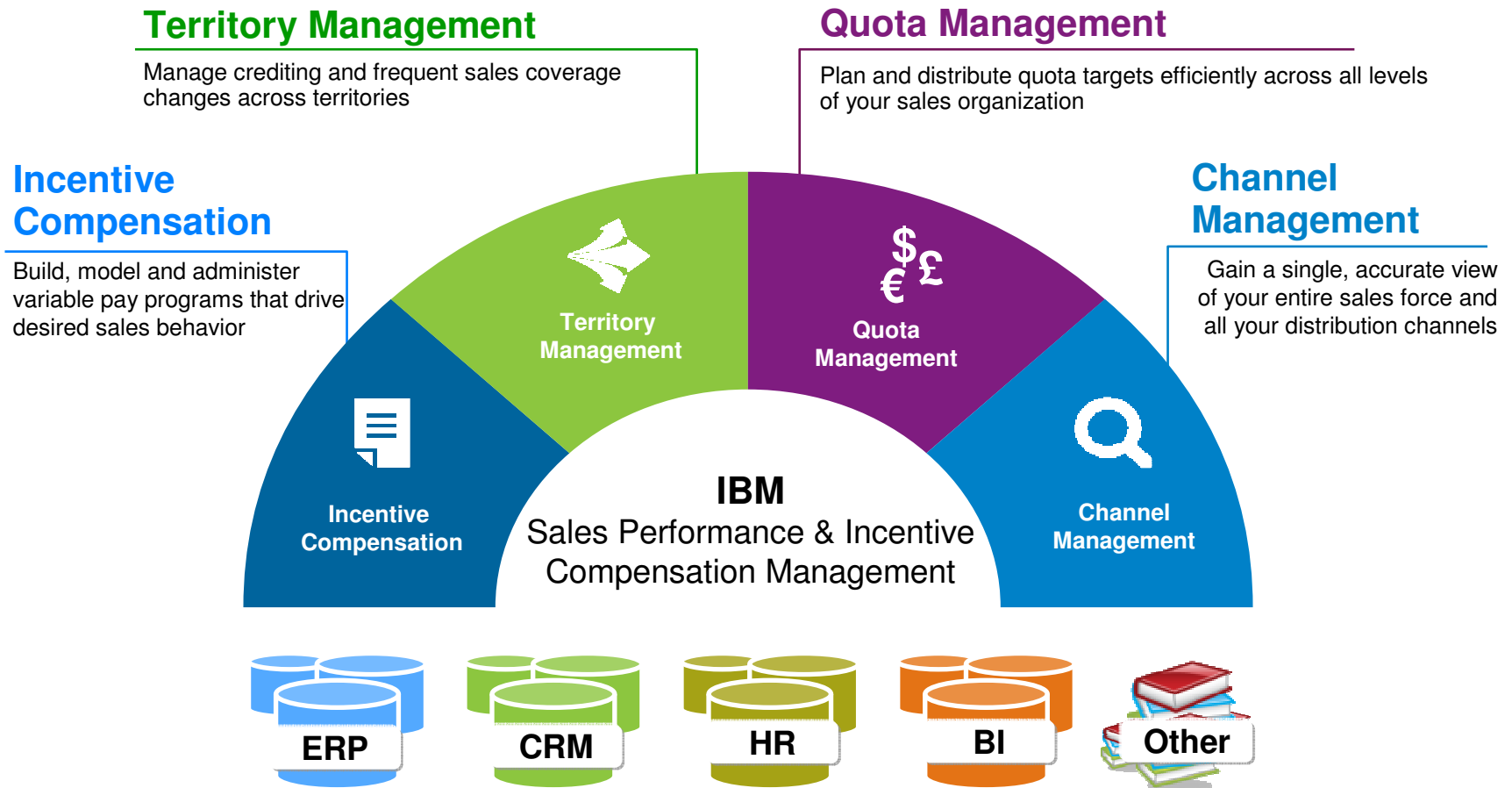
Internal Audit

Deferred Compensation

Compliance with SOX, FINMA, Solvency II, Basel III, FMA, ...

Cognos SPM (aka Varicent) **Solution overview**

Cognos SPM overview



Cognos SPM Key Differentiators

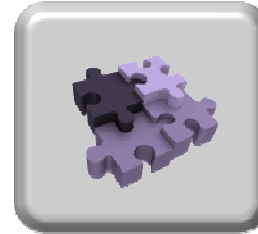


Business oriented

Configure vs. code

Visual comp design approach

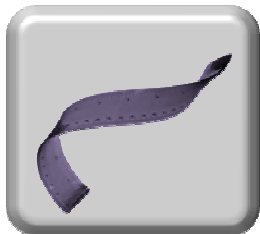
Management buy-in



Integrated Product

Calculation engine, ETL, workflow, reporting, etc.

Flexible data model

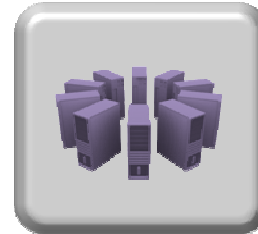


Business Flexibility

Meet changing needs

Speed to market

Commissions, MBOs, long term incentives, non cash benefits, etc.



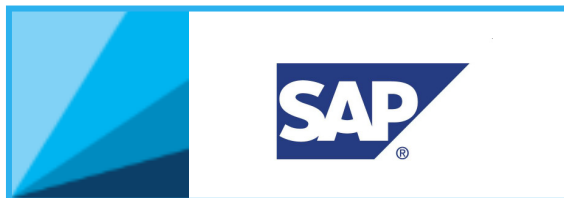
Performance & Scalability

Built for high transaction Volumes – Imports, calculations, etc.

Cloud and Enterprise deployments

Proven CRM & ERP integration

Out-of-the-box CRM Integration



- Single Sign-On to access SPM & CRM information from a single screen
- Data synchronization is automated
- Easy access to plan documents, team reports and quota & territory management tools

Varicent Successfully Integrates with SAP

- Integration commonly needed to leverage transaction, people and product data
 - SAP CRM
 - SAP Payroll
 - SAP FI
 - SAP HR / HCM
- Integration with SAP (ERP, R/3, BW, etc.) most often achieved via 2-stage process:
 - Customer uses ETL to pull data from SAP to staging database
 - Varicent ETL used to pull data into Varicent system

Cognos SPM for Mobile

“With Varicent, over 1400 of our field sales rep can access their sales compensation system via their iPads along with the other tools they use on-site with customers. They don’t miss a beat when it comes to understanding the compensation implications of their selling activities.”



Customer quotes, case studies and proof points

Banking



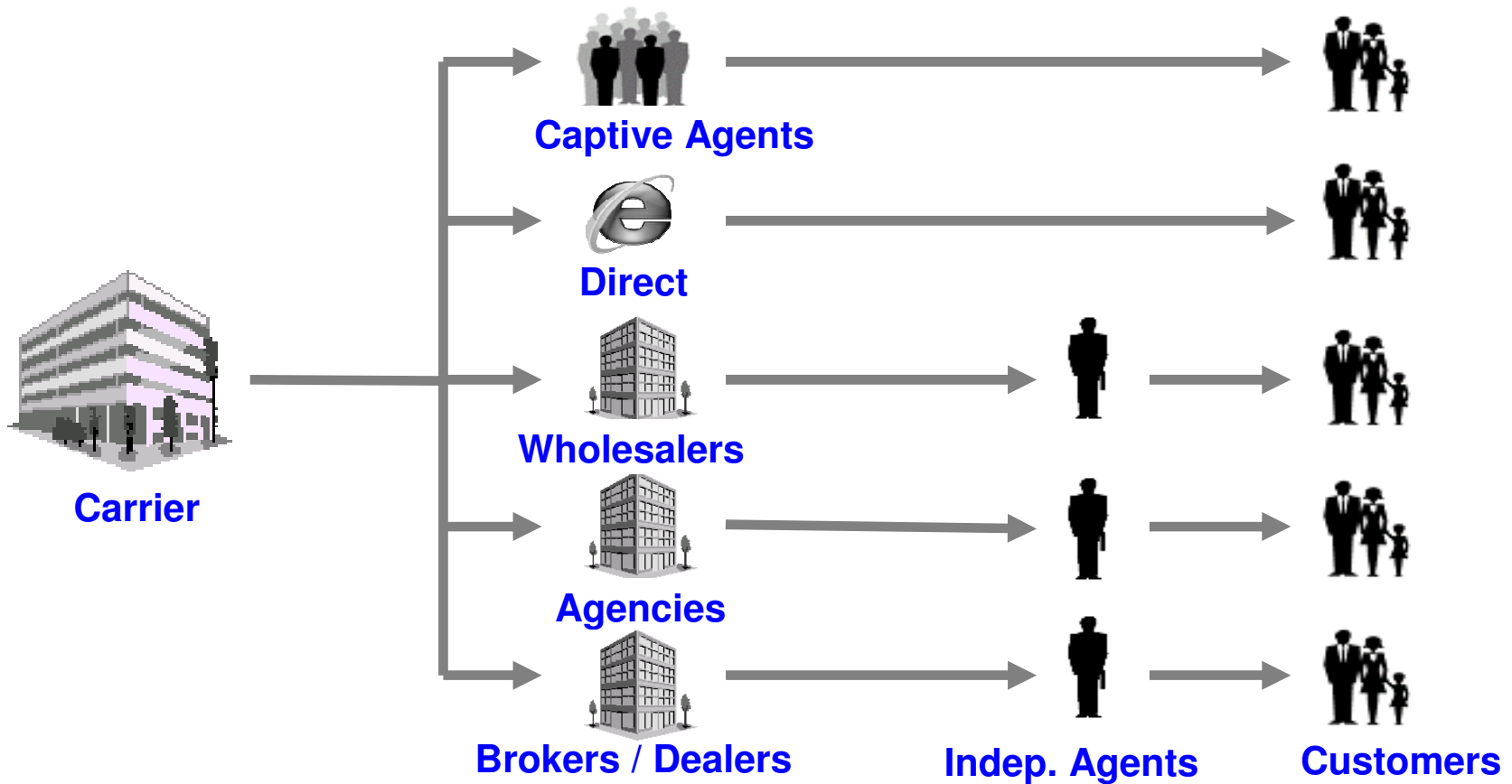
Other Financial services



Insurance



Insurance: Channel Distribution



Retail



Pharma / Life Sciences / Medical Devices

Delivering what's next.™

A Member of the Roche Group

High Tech



Telecom, Mobile & Telco Equipment



Other services

STARWOOD
HOTELS & RESORTS WORLDWIDE INC


Manpower®

WM
WASTE MANAGEMENT®

Schlumberger

 **United
Technologies**

Hertz®

TRIBUNE

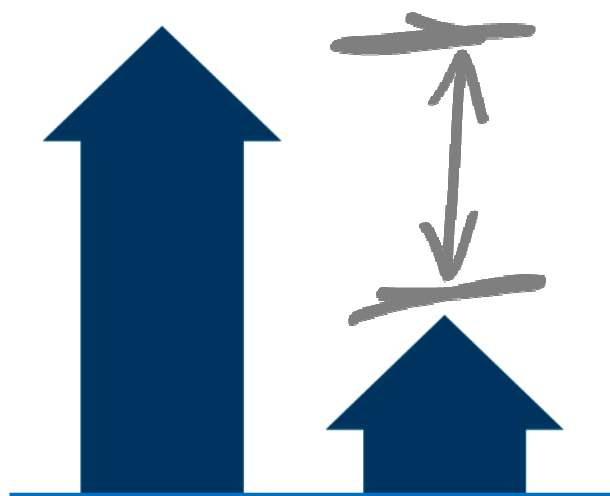
Improve Efficiency



16 Spreadsheets that previously needed to be manipulated for a comp plan change prior to implementing Varicent.

gettyimages®

Faster Cycle Times



Payout process reduced from
2 weeks to **2** days

Decreased Inquiries



60% Reduction in payout inquiries **after** implementing Varicent.


INTRALINKS
The workspace is virtual. The trust is real.

Reduce calculation errors

~0%

Reduced the commission
calculating error rate to
near zero percent

Incenting based on controllable profits



“a lot of things that go into that **profit margin** are outside of the territory manager’s control... such as the cost of raw materials”

“But they can have an immediate impact on profitability by focusing on pricing”

“Now that we have moved to a net-based sales plan a territory manager can see a direct relationship between his behavior and the amount of his check.”

Carla Clark, Project Manager for Commissions



It's not just about Sales



Drivers Incentive Plan

- Route efficiency (units per hour)
- Customer satisfaction
- Safety (hurdle for participation)



Increased Efficiency



10,000

Man hours per month reduced in administering the incentive compensation program using Varicent.



Customer centricity

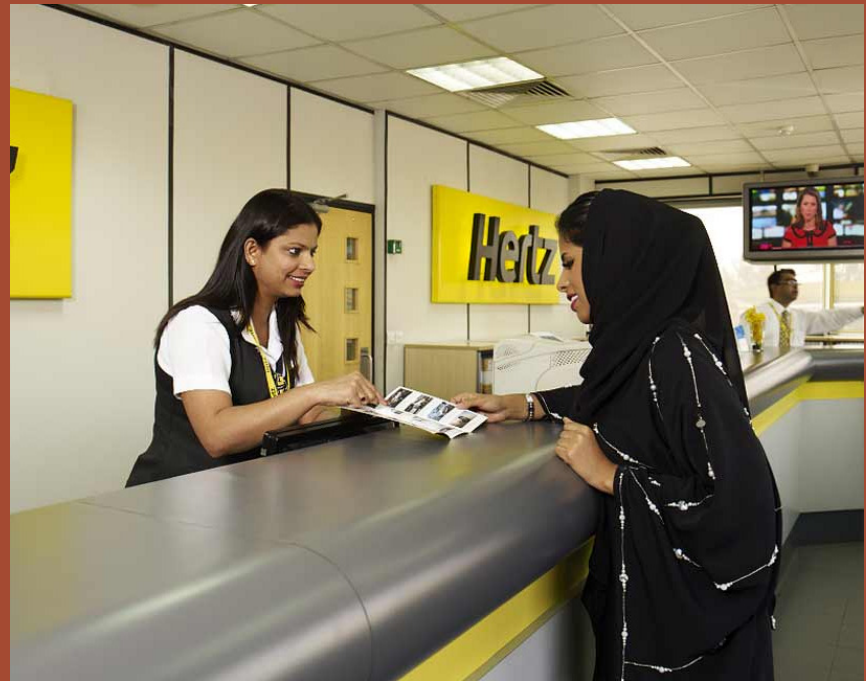


New head of sales redesigned compensation to help the rental company become “**more sales-friendly**”

Customers formerly had to rely on a different sales rep for every line of business, from corporate sales to tours

Now customers “can get everything done through one salesperson”

Lynn Ferrara, Sr Director of compensation and HRIS



Focus sellers on selling



“When people didn’t understand what their achievement was, we got pushback on everything about our plan”

“By having **transparency** into the system we don’t have to worry about them saying, ‘Wait—I don’t get this.’”

“...**spend more time selling**”

Steve Love, CFO



Business Flexibility to Adapt to Changes

“Our legacy process... did not have the flexibility to **change our incentive compensation plans mid-year**, but now with Varicent, we have significant flexibility.”

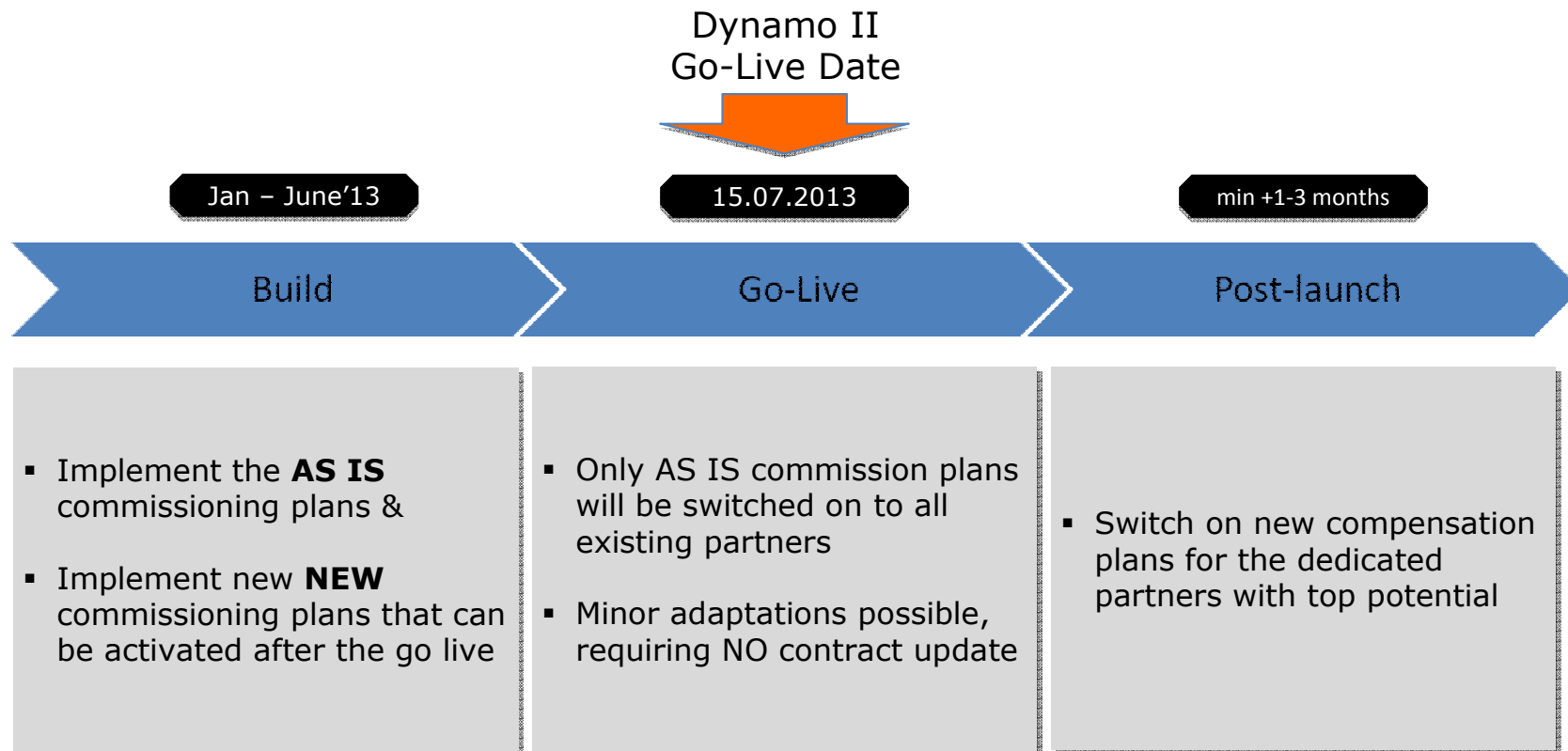


Touring Club Schweiz

Project DYNAMO Phase II
Partner Management Stream



Commission Plans Roadmap



TCS Provisionierung nach Partnertypen / Produkten

Produktfamilie	Produktkategorie	Produktcode		Jahresprämie	TYP XA	TYP XB	TYP XC	TYP KU
					Kontaktstellen	Part. Extern.	Part. Intern.	Kuoni
Mitgliedschaft	Mitgliedschaft	SOC. MOT	1011-Saxxx		CHF -	CHF -	CHF -	CHF -
	Mitgliedschaft nach Sektion	SOC. MOT	1012-Saxxx		CHF -	CHF -	CHF -	CHF -
	Mitgliedschaft Nicht-Motorisiert	SOC.NOT	1013-SNxxx		CHF -	CHF -	CHF -	CHF -
	Velofahrer	SOCVELO	1210-SCxxx		CHF -	CHF -	CHF -	CHF -
	Camping	SOC CAMPING	1410SZ000		CHF -	CHF -	CHF -	CHF -
	Partnerkarte	SOCCARTEP	1530-SCTPX		CHF -	CHF -	CHF -	CHF -
	Jugendkarte	SOCCARTEJ	1540-SCTJX		CHF -	CHF -	CHF -	CHF -
	CoolDown	SOCJMOT	1320-JMxxx		CHF -	CHF -	CHF -	CHF -
	Juniorenmitgliedschaft	SOCJUNI	1310SJxxx		CHF -	CHF -	CHF -	CHF -
Assista Verkehr	Familie	C05	4150-C05F		CHF -	CHF -	CHF -	CHF -
	Fam No-Memb	C05	4151-C05FN		CHF -	CHF -	CHF -	CHF -
	Einzel	C05	4160-C05I		CHF -	CHF -	CHF -	CHF -
	Einzel No-Memb	C05	4161-C05IN		CHF -	CHF -	CHF -	CHF -
	CoolDown	C05	4170-C05J		CHF -	CHF -	CHF -	CHF -
Assista Privat	Familie	P05	4280-P11F		CHF -	CHF -	CHF -	CHF -
	Fam No-Memb	P05	4251-P05FN		CHF -	CHF -	CHF -	CHF -
	Einzel	P05	4290-P11I		CHF -	CHF -	CHF -	CHF -
	Einzel No-Memb	P05	4261-P05IN		CHF -	CHF -	CHF -	CHF -
Assista Immobilien	Member	I11	4320-I11		CHF -	CHF -	CHF -	CHF -
	No-Member	I11	4321-I11N		CHF -	CHF -	CHF -	CHF -
Assista Betrieb	1-3 Beschäftigte	KMU06	4661-E06C1		CHF -	CHF -	CHF -	CHF -
	4-6 Beschäftigte	KMU06	4662-E06C2		CHF -	CHF -	CHF -	CHF -
	7-10 Beschäftigte	KMU06	4663-E06C3		CHF -	CHF -	CHF -	CHF -
	11-15 Beschäftigte	KMU06	4664-E06C4		CHF -	CHF -	CHF -	CHF -
	16-20 Beschäftigte	KMU06	4665-E06C5		CHF -	CHF -	CHF -	CHF -
ETI	ETI Europa Familie	ETI1A	2115-EUF08		CHF -	CHF -	CHF -	CHF -
	ETI Europa Einzel.	ETI1A	2116-EUI08		CHF -	CHF -	CHF -	CHF -
	Erw. Welt Familie	ETI1A	2215-XMF08		CHF -	CHF -	CHF -	CHF -

TCS Provisionierung nach Partnertypen / Produkten

ETI	ETI Europa Familie	ETI1A	2115-EUF08	CHF	-	CHF	-	CHF	-	CHF	-
	ETI Europa Einzel.	ETI1A	2116-EUI08	CHF	-	CHF	-	CHF	-	CHF	-
	Erw. Welt Familie	ETI1A	2215-XMF08	CHF	-	CHF	-	CHF	-	CHF	-
	Erw. Welt Einzel	ETI1A	2216-XMI08	CHF	-	CHF	-	CHF	-	CHF	-
	Heilungsk. Europa	ETI1A	2315-FGE07	CHF	-	CHF	-	CHF	-	CHF	-
	Heilungsk. Auss. Europa	ETI1A	2316-FGM08	CHF	-	CHF	-	CHF	-	CHF	-
	ETI Europa Familie Non-Mot.	ETINMOT	2415-EUF08	CHF	-	CHF	-	CHF	-	CHF	-
	ETI Europa Einzel. Non-Mot.	ETINMOT	2416-EUI08	CHF	-	CHF	-	CHF	-	CHF	-
	Erw. Welt Familie Non-Mot.	ETINMOT	2515-XMF08	CHF	-	CHF	-	CHF	-	CHF	-
	Erw. Welt Einzel Non-Mot.	ETINMOT	2516-XMI08	CHF	-	CHF	-	CHF	-	CHF	-
	Heilungsk. Europa Non-Mot.	ETINMOT	2335-FGE07	CHF	-	CHF	-	CHF	-	CHF	-
	Heilungsk. Auss. Europa Non-Mot.	ETINMOT	2336-FGM08	CHF	-	CHF	-	CHF	-	CHF	-
Card Assistance	Card Assistance	CARD-ASS	2900-CARD	CHF	-	CHF	-	CHF	-	CHF	-
Firmenkarte	Jährliche Grundtaxe	ENTREPRISE	1610-ENTTB	CHF	-	CHF	-	CHF	-	CHF	-
	Strassenhilfe CH	ENTREPRISE	1620-ENSRS	CHF	-	CHF	-	CHF	-	CHF	-
	Strassenhilfe Europa	ENTREPRISE	1630-ENSRE	CHF	-	CHF	-	CHF	-	CHF	-
	Rechtsschutz CH	ENTREPRISE	1641-ENPJS	CHF	-	CHF	-	CHF	-	CHF	-
	Rechtsschutz Europa	ENTREPRISE	1642-ENPJE	CHF	-	CHF	-	CHF	-	CHF	-
Moto Assistance	Moto-Assistance Mbr	MOTO-TAS	3803MOTM	CHF	-	CHF	-	CHF	-	CHF	-
	Moto-Assistance NM	MOTO-TAS	3804-MOTNM	CHF	-	CHF	-	CHF	-	CHF	-
Auto TCS	Auto-Vers TCS/Basler	ASS-AUTO		CHF	-	CHF	-	CHF	-	CHF	-
TCS Kreditkarte	Swiss Card			CHF	-	CHF	-	CHF	-	CHF	-

¹ erhöhte Prämie für Assista-Privatrechtsschutz, wenn ohne Verkehrsrechtsschutz abgeschlossen wird

Current situation & Future benefits

DOMAIN	CURRENT	FUTURE
<p>Model Design & Calculation</p>	<ul style="list-style-type: none"> Manual, basic model based on reports due to high resource impact Limitation to create incentives to respond to market events 	<ul style="list-style-type: none"> Automated & sales motivating models based on sales transactions Agile & flexible setup of new models to respond to market needs
<p>Payment</p>	<ul style="list-style-type: none"> The time to pay commissions is long No clear & simple view of payment status 	<ul style="list-style-type: none"> Automated payments on both directions Ability to trace payments, clear identification Reduce the payment exchange frequency for low perform. partners
<p>Reporting, Analytics & Statement</p>	<ul style="list-style-type: none"> No detailed reporting possible No sales quota view Basic, non-transparent statements No analytics tool 	<ul style="list-style-type: none"> Clear overview for partners, their sales reps and their managers Exceptions report showing where to pay attention Analytics view allowing to increase the commissioning efficiency
<p>Support, Control/Monitor</p>	<ul style="list-style-type: none"> High number of partner inquiries High effort through different teams Difficult to provide a fast response No standard control mechanism 	<ul style="list-style-type: none"> Fast support response time Minimum number of partner inquiries Control mechanism to spot critical fraud cases

Integration & Interfacing

DOMAIN	CURRENT	FUTURE Interfacing & Integration
<p>SF Integration & Data Interface</p>	<ul style="list-style-type: none"> No live system --> the sales process will be live as of June'13 Limited parameters that can be used for commissioning plans 	<ul style="list-style-type: none"> Key interface inputs are available Desired commissioning plans can be setup independently The front end can be accessed through PRM, CRM and a separate online version
<p>SAP Interface</p>	<ul style="list-style-type: none"> TBC 	<ul style="list-style-type: none"> Automated payments Ability to trace payments Payment item containing full information (eg as attachment) SAP & Varicent data are matched

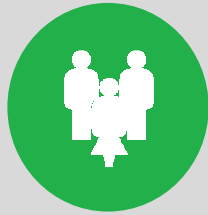
Project Objectives

TYPE	OBJECTIVES
Financial	<ul style="list-style-type: none">▪ Remain within the project budget▪ Focus on key benefit areas delivering most value▪ Fulfill the business case expectations
Time & Implementation Approach	<ul style="list-style-type: none">▪ Stay aligned with Dynamo 2 Planning as far as necessary, go-Live date must match with Dynamo 2 launch date▪ Apply best practice & OOTB setup▪ TCS to actively participate as much as possible in the configuration as it would be done after the Go Live date (build & test new commission plans)
Quality	<ul style="list-style-type: none">▪ Automated flows with no mistakes▪ Transparent and user friendly view for Manager & Users (online report, dashboard and statement)▪ Strongly reduced number of inquiries/complaints from the partners▪ Self-Sufficiency: Partner Mgmt Admin to be able to create independently commission plans without requiring ext. or int. IT support

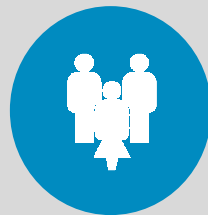


Live Demo

Role based Live Demo



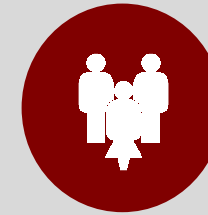
Commissioned
Employees



Management &
Executives



Sales
Operations



Compensation
Analysts