Critical Capabilities for Sales Performance Management

Published: 15 January 2019 **ID:** G00351639

Analyst(s): Melissa Hilbert, Adnan Zijadic

SPM solutions continue to evolve, and Gartner has evaluated the products of 11 vendors across four use cases and 11 critical capabilities. Application leaders supporting sales technology should use this research to help differentiate the capabilities of SPM vendors in their own evaluations.

Key Findings

- Some vendors enhance their capabilities organically, while others do so through acquisitions. Acquisitions can translate to integration needs that require additional configuration and cost to the buyer. Utilizing different products may also result in multiple user interfaces (UIs) for end users to work with and learn.

- Vendors are focusing on enhancing core functionality. They are also innovating with machine learning (in the form of advanced mathematical algorithms) for predictive/prescriptive functions. These are being utilized for planning and optimization of plans and processes.

- Sales performance management (SPM) solutions are delivered in the cloud, but several vendors also offer on-premises or hybrid deployments.

Recommendations

For application leaders tasked with improving CRM and customer experience and sales technology:

- Assess each vendor's capabilities against your weighted list of functional requirements and use cases by using the interactive Critical Capabilities tool.

- Avoid adoption issues, user dissatisfaction and re-evaluation costs necessary when selecting and implementing an alternative solution by evaluating skill sets required to manage each product.

- Assess vendor capabilities against your organization's business processes and requirements by completing an evaluation process that includes a request for proposal (RFP) and proof of concept (POC). Then, use the critical capabilities to drive the hands-on workshop agenda in the evaluation process to make sure the team can accomplish critical business requirements.

Strategic Planning Assumptions

By 2020, 30% of all B2B companies will employ AI to augment at least one of their primary sales processes.

By 2022, 40% of B2B companies with over 100 payees will employ SPM solutions to reduce by 3% to 5% hidden incentive compensation overpayments.

By 2022, organizations using an SPM solution will use employee-facing digital assistants to handle 75% of compensation disputes.

What You Need to Know

Sales performance management (SPM) is a suite of operational and analytical functions that automate and unite back-office operational sales incentive processes. Front-end capabilities exposed to sales are supported, making SPM unique. It marries both back and front end to satisfy operational needs. At the same time, SPM provides an easy-to-navigate tool that gives insights to the sales force. SPM is implemented to improve both sales execution efficiency and operational effectiveness.

The functions of an SPM solution can include the following:

- Sales incentive compensation management

- Quota management and planning

- Territory management and planning

- Advanced analytics — predictive and prescriptive, benchmarking insights, and machine learning (ML)/artificial intelligence (AI)

- Objectives management

- Gamification

The four use cases and 11 critical capabilities (defined in detail later in this document) will help application leaders create and further evaluate a shortlist of providers appropriate to their business. The four use cases are:

- **Incentive compensation**

- **Quota management and planning**

- **Territory management and planning**

- **Objectives management**

Application leaders can use this research to:

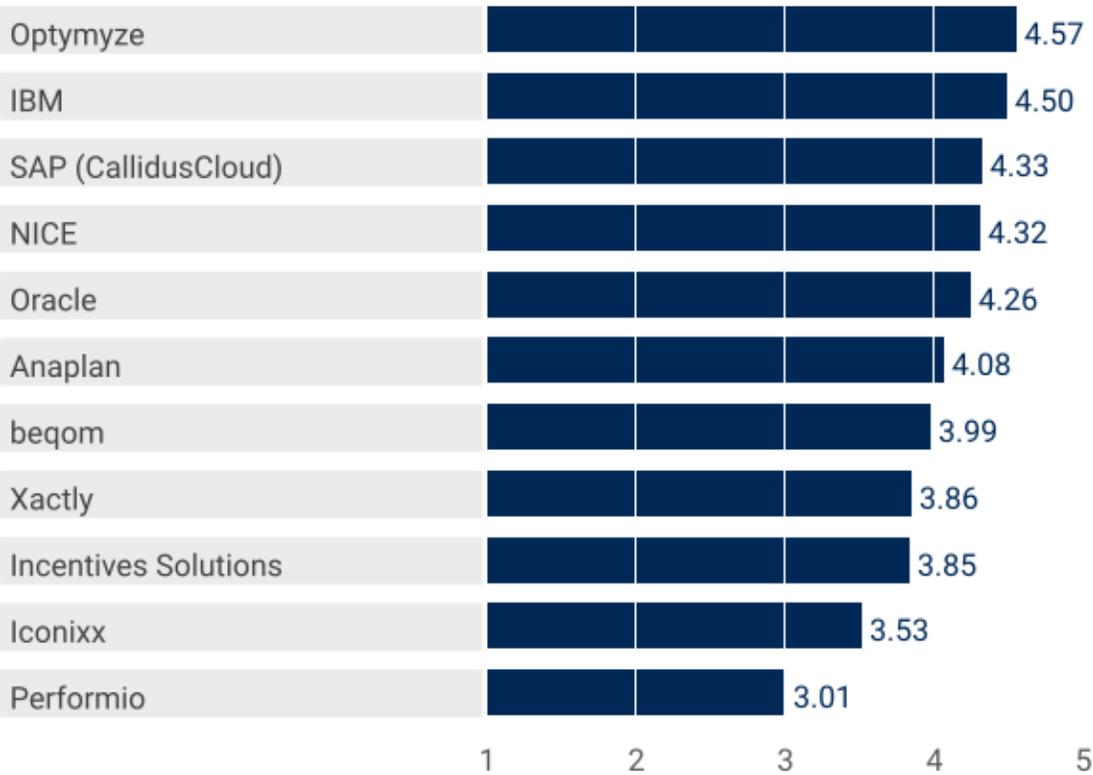- Dive deeper into the capabilities of vendors

- Compare providers in the context of their ability to deliver the capabilities that Gartner sees as most critical in each use case

- Evaluate critical capabilities using the interactive tools, as weighting varies with each use case

Analysis

Critical Capabilities Use-Case Graphics

Figure 1. Vendors' Product Scores for the Incentive Compensation Use Case

Product or Service Scores for Incentive Compensation

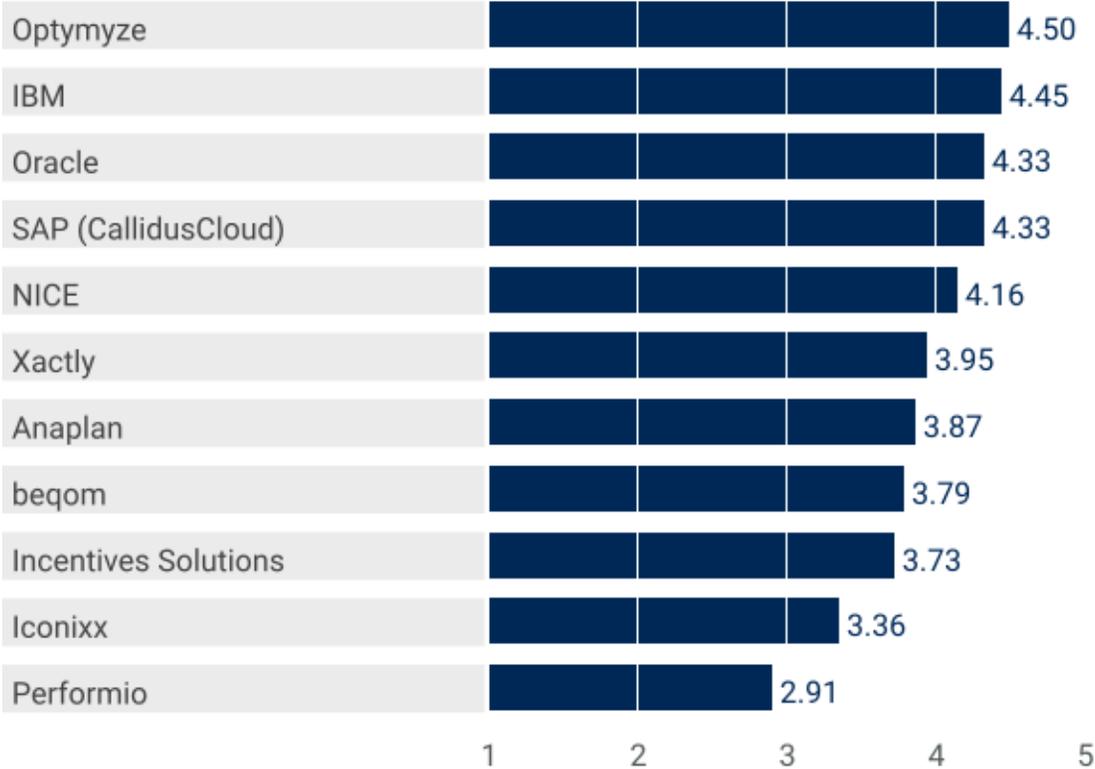| Vendor	Score
Optymyze	4.57
IBM	4.50
SAP (CallidusCloud)	4.33
NICE	4.32
Oracle	4.26
Anaplan	4.08
beqom	3.99
Xactly	3.86
Incentives Solutions	3.85
Iconixx	3.53
Performio	3.01

As of 1 January 2019   © Gartner, Inc

Source: Gartner (January 2019)

Figure 2. Vendors' Product Scores for the Quota Management and Planning Use Case

Product or Service Scores for Quota Management and Planning

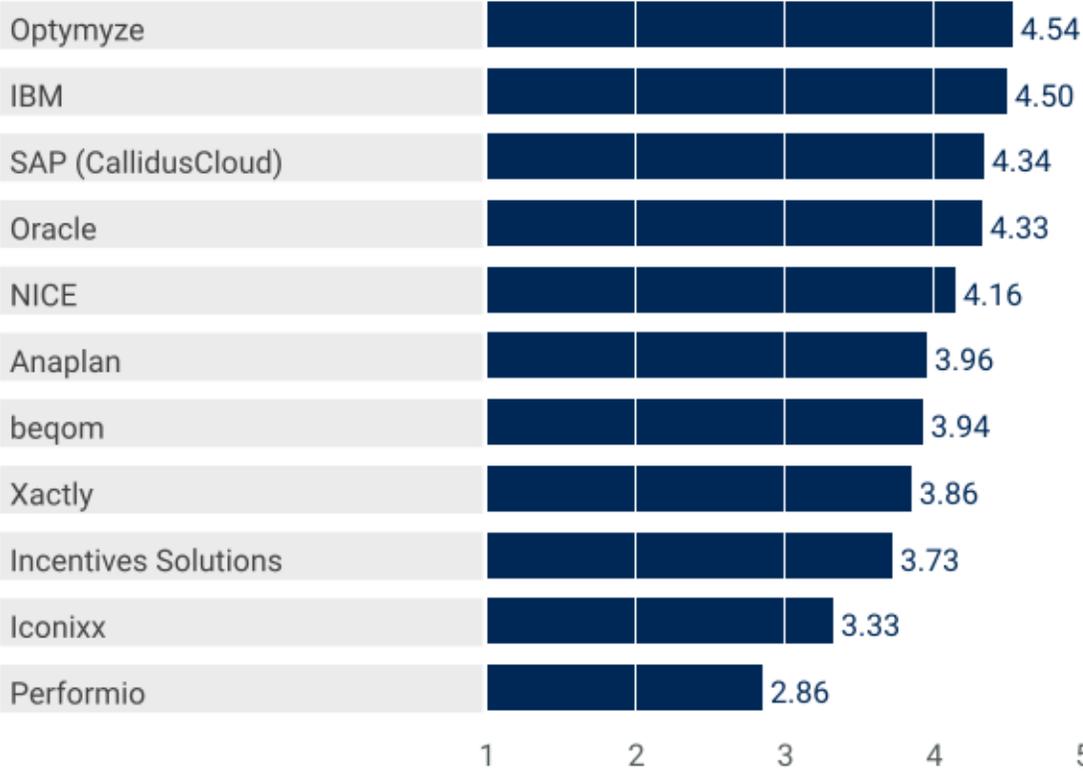| Vendor	Score
Optymyze	4.50
IBM	4.45
Oracle	4.33
SAP (CallidusCloud)	4.33
NICE	4.16
Xactly	3.95
Anaplan	3.87
beqom	3.79
Incentives Solutions	3.73
Iconixx	3.36
Performio	2.91

As of 1 January 2019

© Gartner, Inc

Source: Gartner (January 2019)

Figure 3. Vendors' Product Scores for the Territory Management and Planning Use Case

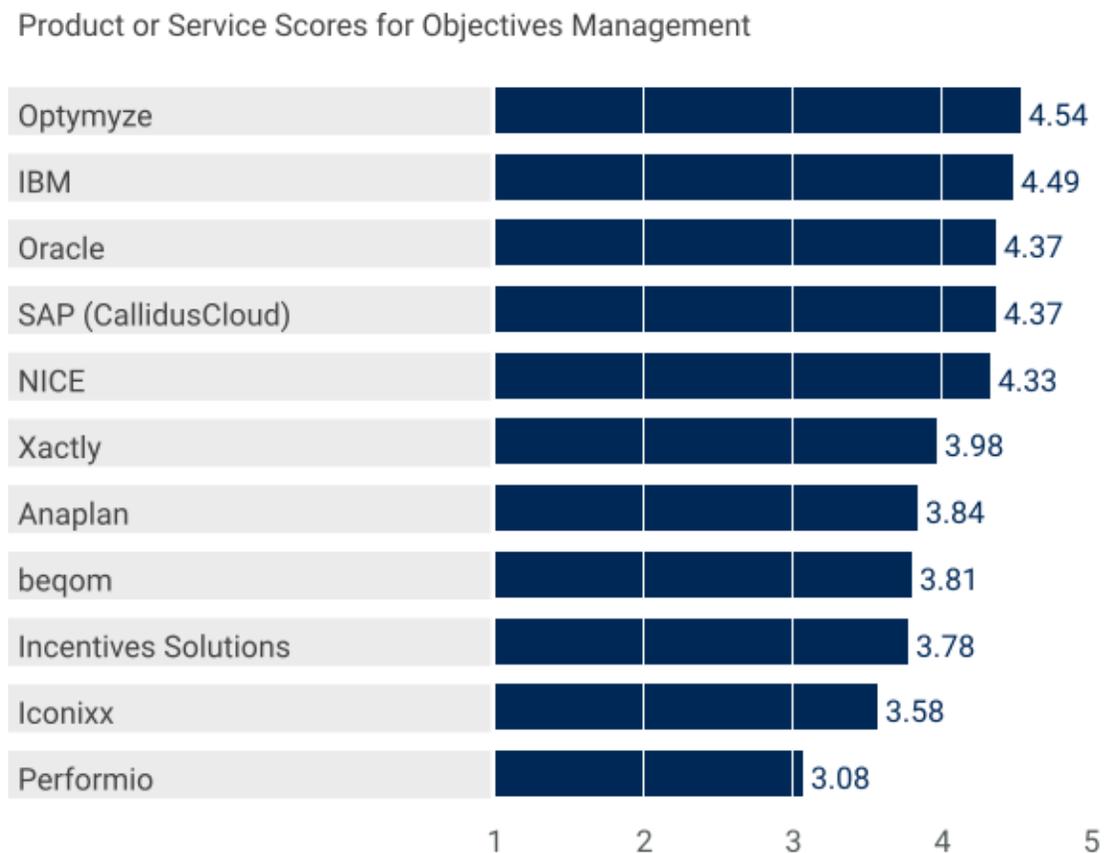Product or Service Scores for Territory Management and Planning

Vendor	Score
Optymyze	4.54
IBM	4.50
SAP (CallidusCloud)	4.34
Oracle	4.33
NICE	4.16
Anaplan	3.96
beqom	3.94
Xactly	3.86
Incentives Solutions	3.73
Iconixx	3.33
Performio	2.86

As of 1 January 2019

© Gartner, Inc

Source: Gartner (January 2019)

Figure 4. Vendors' Product Scores for the Objectives Management Use Case

Product or Service Scores for Objectives Management

Vendor	Score
Optymyze	4.54
IBM	4.49
Oracle	4.37
SAP (CallidusCloud)	4.37
NICE	4.33
Xactly	3.98
Anaplan	3.84
beqom	3.81
Incentives Solutions	3.78
Iconixx	3.58
Performio	3.08

As of 1 January 2019

© Gartner, Inc

Source: Gartner (January 2019)

Vendors

Gartner's product evaluations for this research were based on functionality generally released and available as of September 2018. Details of the criteria used for evaluation can be found in the Critical Capabilities Definition section of this document.

Please note that, due to their sheer volume and depth, not every function is documented. We have attempted to identify those functions most likely to differentiate or influence the evaluation efforts. We have also looked at those that might affect additional cost and/or implementation efforts (given what clients and customer references have articulated this past year).

In addition to Gartner's evaluation, customer reference scores for critical capabilities are noted in each vendor profile. When reference customers rated a critical capability on average 4.0 or higher for a vendor (on a 1 to 5 scale, with 5 being the highest rating), that capability is identified in the vendor profile paragraph section.

Vendor evaluations appear in alphabetical order.

Anaplan

Anaplan for Sales includes incentive compensation management, territory management and planning, and quota management and planning. Its Sales Insights includes capabilities for forecasting (sales, coverage and capacity), pricing optimization and pipeline optimization. Anaplan focuses sales efforts on the Global 2000 and hypergrowth companies, and deploys a SaaS model that utilizes in-memory technology called Hyperblock. Anaplan extends its platform by delivering industry-specific applications, largely through partner development via the Anaplan App Hub. The majority of applications are around planning and modeling and analysis.

Customer references in the companion Magic Quadrant survey provided mean scores of 4.0 or above for calculations, rule definitions, modeling, workflow and collaboration, scalability, standard reporting and analytics, advanced analytics (not standard out-of-the-box reporting), and customization and extensibility.

Below are some key distinctions that Gartner has identified for the Anaplan offering:

- **Calculations:** Anaplan uses snapshots to accommodate prior period adjustments, as well as some other areas like forecasting, plans and territories. Users with complex criteria should look at this functionality to make sure it meets their business requirements and flexibility needed for processing.

- **Modeling:** Quota planning utilizes complex smoothing and algorithms, as well as statistical forecasting, and includes capacity and coverage planning capabilities. Changes to quota or territory in planning mode are automatically moved between planning and incentive compensation management once a model is saved and promoted. Tables are shared between planning and production incentive compensation out of the box.

- **Workflow and collaboration:** Anaplan now includes a connector to DocuSign for plan document distribution. Workflow does not include attachments or delegation capabilities.

- **Scalability:** Anaplan is one of the top two vendors for speed of processing data, complex plans and report refresh (see Note 1 for benchmark exercises).

- **Integration:** Anaplan has enhanced its ability to perform extract, transform and load (ETL) work with HyperConnect (powered by Informatica), which includes more than 150 out-of-the-box connections. It also delivers prebuilt ETL with Anaplan Connect and offers REST APIs. No prebuilt connections, outside of Salesforce via the AppExchange, exist out of the box with Anaplan.

- **Advanced analytics:** Anaplan offers 26 predictive and statistical algorithms. Anaplan Optimizer suggests a next-best action for administrators.

beqom

Beqom provides a total compensation solution on a single platform that includes: incentive compensation management, territory management and planning, quota management and planning, and objectives management. It also includes advanced analytics including aggregated and

anonymized benchmarking. Other functions such as merit, performance appraisal and deferred bonus are not included in this Critical Capabilities evaluation, but may be of interest to buyers seeking a broader compensation and performance management solution for their organizations.

Beqom is delivered as a SaaS-only solution. It provides a library of templates for specific industries including: finance, telecommunications, retail, financial services and manufacturing.

Customer references gave beqom scores of 4.0 or above for calculations, rule definitions, scalability, and customization and extensibility.

Below are some key distinctions that Gartner has identified for the beqom offering:

- **Calculations:** Excel-based math is utilized, but setup and configuration are complex, akin to a notepad-type basic text formatting tool.

- **Rule definitions:** Supports multiple calculations definitions as a part of the incentive compensation plan. It assigns rules with a business-friendly configuration to multiple attributes within territories and supports user-to-territory assignment. Split rules are supported but the process is complex, in that they are imported from the CRM solution and then require multiple steps and changing of tabs.

- **Workflow and collaboration:** Despite UI enhancement to the overall product, workflow for process and approvals utilizes the classic UI. It can feel outdated when compared to the remainder of the application.

- **Data integration:** The solution offers multiple connectors for CRM, such as Microsoft Dynamics 365, but not for Salesforce. Beqom has connectors for ERP and HR solutions, but lacks the set of open APIs that are common to the leading vendors in this market.

- **Advanced analytics:** Beqom uses R language for predictive analytics (specifically, "what if" and "scenario" analysis) and performs anonymized and aggregated benchmarking.

- **Standard reporting and analytics:** Microsoft Power BI is the standard reporting tool provided for beqom. While the tool provides out-of-the-box reporting for rep and manager views, it does not provide operational reporting features.

IBM

IBM Sales Performance Management (SPM), purchased as IBM Incentive Compensation Management (ICM), provides a single, natively built application that includes incentive compensation management, territory and quota management. It also offers near-core functionality such as objectives management.

IBM offers a separately priced module for quota and territory planning, called Planning Analytics. It also includes Watson Analytics capabilities. Watson Analytics includes predictive and natural language exploration and visualization. It can be deployed as multitenant SaaS, single-tenant SaaS or on-premises.

IBM is suited for midsize to large global organizations with complex implementations. It offers an insurance-specific product called IBM Producer Lifecycle and Credential Management that is largely deployed on-premises.

Customer references gave IBM scores of 4.0 or above for calculations, rule definitions, scalability, audit, integration (data and product suite), data transformation (ETL), standard reporting and analytics, advanced analytics (not standard out-of-the-box reporting), and customization and extensibility.

Below are some key distinctions that Gartner has identified for the IBM offering:

- **Modeling:** Quota and territory optimization is available in Planning Analytics, which is connected to ICM through REST APIs. Additional configuration and related professional services should be budgeted for if using this module.

- **Workflow and collaboration:** Workflow can be configured for any process independently of others. It lacks delegation, and audit/tracking reports must be configured. Attachments are supported through the native report writing tool, called Presenter.

- **Scalability:** IBM is one of the top two vendors for speed of processing data, complex plans and report refresh (see Note 1 for benchmark exercises).

- **Data transformation (ETL):** IBM provides the basic capability to transform data on input and to perform multiple transformations inside the application. These activities can be scheduled.

- **Advanced analytics:** Propensity to buy and other predictive estimations is accomplished with IBM's Customer Insights (SPSS) module. This is offered separately and will require additional cost and configuration. Watson Analytics is offered separately for predictive capabilities and natural language data exploration.

- **Standard reporting and analytics:** IBM offers a set of preconfigured reports in Pulse, but uses its native report writing tool (Presenter) to create custom reports. Data Ports allow customers to connect to other business intelligence tools. Presenter requires more advanced skills.

Iconixx

Iconixx provides sales compensation management that includes all three core functionalities (incentive compensation management, territory management and quota management). It is deployed as a SaaS solution. Iconixx charges a fixed fee for deployment services. This is unique among most other vendors in the space, and is attractive to users wishing to minimize cost risk for the implementation.

The product suite is composed of Iconixx Sales (including an iOS mobile app), Incentive and Merit. Merit was not included in this evaluation, but should be considered by buyers seeking a broader performance management solution. Iconixx has a roster of customers across industries — including banking, manufacturing, healthcare, communications and insurance — and will be attractive to organizations with over 100 payees. The product also offers operational reporting and analytics.

Note: Iconixx did not participate in the data gathering or demo for this research. Iconixx also elected not to provide supplemental information for the contents of this research. Gartner's analysis is therefore based on other credible and accepted public sources.

Below are some key distinctions that Gartner has identified for the Iconixx product offering:

- **Calculations:** Calculations are configured with an expression builder (using Excel formulas) that can be linked to other formulas or results and new tables. Variables or quotas can be created while in the middle of creating a new formula. Snippets of formulas can be saved for use in other formulas.

- **Rule definitions:** Iconixx employs the concept of reusable formulas and rules that can be assigned to multiple plans.

- **Workflow and approvals:** Excel-spreadsheet-like forms can be created with relative ease. Hierarchies for each workflow must be configured.

- **Audit:** Audit is available only through a log report. The log report is limited to a certain number of records. It must be filtered to render, or it can be downloaded to CSV/Excel in full.

- **Advanced analytics:** Iconixx does not currently offer advanced analytics (for example, predictive/prescriptive, benchmarking or AI/ML).

- **Customization and extensibility:** A variety of operational monitoring reports and analytics come standard with the product. Examples are compensation versus attainment, compensation breakdown by plan, and compensation per plan or component.

Incentives Solutions

Incentives Solutions offers both SaaS and on-premises deployments. JOOPY is deployed as SaaS and on-premises, while INCENTIVES-SPM is an on-premises only product. The vendor also offers INCENTIVES-PRO, which is a vertical-focused SaaS or on-premises deployed solution for insurance and financial services.

Incentives Solutions offers SPM functionality including incentive compensation management, territory and quota management, objectives management, gamification and advanced analytics, both predictive and prescriptive. It has focused on EMEA and currently has plans to expand into the North America market. It offers out-of-the-box integrations for Salesforce, SAP, Microsoft Dynamics and Oracle NetSuite.

Customer references gave Incentives Solutions scores of 4.0 or above for the following critical capabilities: calculations, rule definitions, audit, advanced analytics, workflow and collaboration, standard reporting and analytics, scalability, modeling, data transformation (ETL), and integration (data and product suite).

Below are some of the key distinctions that Gartner has identified for the Incentives Solutions offering:

- **Calculations:** JOOPY can support multiple formulas for calculations (such as tiered and weighted) and allows for reusability of calculations. Calculations are performed at a period level.

- **Rule definitions:** Current period adjustments happen automatically. However, prior period adjustments require a services effort. Effective dating is not available for defining territories, and there are no exclusion criteria for territory management (only inclusion).

- **Workflow:** Incentives Solutions offers configurable workflows to approve compensation plan models, case and dispute resolutions, and payments. The workflow configuration can accommodate adding assignees, types, reasons and alerts. Attachments are also allowed.

- **Audit:** JOOPY has improved this year with the ability to see who made changes, and the "before and after" picture. However, audit capabilities are not available at the field level of a rate table or quota table, for example. They are delivered via audit reports only.

- **Advanced analytics:** JOOPY offers benchmarking by vertical. JOOPY offers predictive and prescriptive analytics. It includes next-best action recommendations and forecasting capabilities for sales reps, using visualization to help them see the best way to attain quota.

- **Standard reporting and analytics:** Standard reports are available for reps and managers, and the UI has improved since last year. However, no out-of-the-box operational reports via an admin dashboard are provided.

NICE

NICE Sales Performance Management (SPM) is deployed as both SaaS and on-premises. It includes core capabilities for incentive compensation management as well as territory and quota management and planning through its Territory and Quota Management (TQM) product. TQM is seamlessly integrated with NICE Incentive Compensation Management (ICM) and is also available as a stand-alone module.

NICE provides near-core capabilities such as objectives management and gamification. Over the past 12 months, the vendor has introduced advanced analytics via professional services engagements. Its in-memory calculation engine can handle large transaction calculation volumes. NICE offers tangential products to SPM including workforce management, performance management and risk management, which are not covered in this evaluation.

Customer references gave NICE scores of 4.0 or above for calculations, rule definitions, modeling, audit, scalability and advanced analytics.

Some of the key distinctions that Gartner has identified for NICE include:

- **Rule definitions:** Rules use Excel math and are reusable. Results can be tested or previewed. Adjustments are clear in terms of what changed and the total cash effect. Midlevel Excel skills are required for compensation administration.

- **Workflow/collaboration:** NICE offers extensive workflow management including the use of customizable forms that business users can easily create without additional skills such as Java scripting.

- **Integration:** NICE provides planning with ICM integration out of the box to automatically update compensation plans with the latest quota information.

- **Data transformation (ETL):** NICE offers a UI for data field mapping that can be automated via scheduling for all types of data sources. It has prebuilt connector for SAP, Salesforce and Oracle. There are multiple transform-on-input options.

- **Advanced analytics:** NICE currently offers advanced analytics for SPM (for example, predictive/prescriptive, benchmarking or AI/ML) solely via a services engagement.

- **Standard reporting and analytics:** NICE utilizes both third-party and internally developed reporting tools. The internal system has limited functionality as evidenced by customer reference comments. The third-party OEM solution has a somewhat dated UI.

Optymyze

Optymyze is offered as a SaaS-only solution with an open API development platform. Optymyze utilizes a combination of in-memory, relational and large-scale processing for real-time and batch processing. It includes all core and near-core SPM capabilities: incentive compensation management, territory and quota management and planning, objectives management, gamification and advanced analytics (predictive). Optymyze offers sales operations as a service including SPM and other sales operations functions not included in this evaluation. Optymyze uses a no-code platform to help develop and configure the solution.

Customer references gave Optymyze a score of 4.0 or above for all 11 critical capabilities.

Some of the key distinctions that Gartner has identified for Optymyze include:

- **Calculations:** A tabular display for calculations provides for an easy to use and read display of various calculations, both numeric and non-numeric. Reusability of calculations is done via drag and drop, making it easy for nontechnical business users to adopt the solution.

- **Rule definitions:** Optymyze accommodates all evaluated types of compensation rules. It provides a visual configurator that makes creating rules and calculations easier for a business user.

- **Modeling:** Optymyze can perform quota optimization using visual graphic displays and insights, which are interactive and can be adjusted by the user. For territory management, bulk assignment is allowed.

- **Workflow/collaboration:** Optymyze can assign workflow on quota and territory management. The visibility into the business process is limited.

- **Data integration and ETL:** Optymyze includes prebuilt connectors to common CRM platforms such as Oracle, Salesforce, and Microsoft Dynamics 365. It has a connector on MuleSoft to connect to HCM, ERP and other applications.

- **Advanced analytics:** Optymyze offers predictive analytics only, using regression testing, clustering and probability. It has a visual display that provides insights on performance of sales reps.

Oracle

Oracle Sales Cloud is delivered as SaaS. It provides a comprehensive SPM suite including incentive compensation management, territory and quota management and planning, objectives management, and advanced analytics (predictive). It also includes capabilities for the multilevel marketing (MLM) industry. SPM is now offered within Oracle's Engagement Cloud, which includes both sales and service. This may be of interest to buyers looking to invest in both areas. Oracle's SaaS ICM module and other SPM components can be used independently of Oracle Engagement Cloud. Oracle SPM may also be deployed on-premises.

Oracle provides planning through its separate cloud product offering, Oracle Sales Planning Cloud, with prebuilt integration to Engagement Cloud. Integration and complex transformations to non-Oracle systems can be accomplished with additional configuration through Oracle Integration Cloud Service, priced separately.

Customer references gave Oracle scores of 4.0 or above for calculations, rule definitions, scalability, audit, integration (data and product suite), and customization and extensibility.

Some of the key distinctions that Gartner has identified for the Oracle Sales Cloud offering include:

- **Rule definitions:** Oracle offers a "where used" functionality to allow the user to see where a component is used throughout the configuration. Territory definitions look different than the incentive compensation UI.

- **Modeling:** Oracle provides compensation plan modeling with multiple scenario comparison and modern visualizations.

- **Workflow and collaboration:** Oracle Business Process Management (BPM) provides workflow setup and assignments. BPM may require more advanced skills to configure and administer.

- **Audit:** Oracle provides all necessary audit information including date/time stamps, item changed and who made the change, but only in a log report. The log report has some filtering capabilities. Audit is not provided at the field level.

- **Advanced analytics:** Planning Cloud contains predictions and transparency to predictive methods. Machine learning picks what it considers the best method to use for the analysis, but the end user can modify.

- **Standard reporting and analytics:** Oracle provides a bubble tree to create reports that uses drag-and-drop functionality for report creation that is business-user friendly. It provides an interactive view as you build the report, which makes it easier to visualize the report as you go through the steps.

Performio

Performio is a new entrant this year to both the Magic Quadrant and Critical Capabilities research. Performio is deployed as SaaS only. It provides incentive compensation management and territory and quota management. Performio is new to the U.S. market as its focus was previously on the Asia/Pacific region. It is headquartered in Australia with offices in the U.S.

Performio provides a free 14-day trial as an option and aims to rapidly deploy customers. The product includes near-core capabilities such as gamification and objectives management. It is available for mobile apps via HTML5. It provides open APIs and has moved to a microservice approach to the application.

Customer references gave Performio scores of 4.0 or above for calculations, rule definitions, scalability, integration (data and product suite), data transformation (ETL), standard reporting and analytics, and customization and extensibility.

Some of the key distinctions that Gartner has identified for the Performio offering include:

- **Rule definitions:** Performio offers a calculation library to reduce administration efforts. Prior period adjustments that require a full reprocessing of prior periods necessitate a services engagement.

- **Workflow and collaboration:** Performio offers chat as workflow included in the workflow options. This is unique in the market. All tables are available to workflow.

- **Scalability:** Performio is in the bottom third of vendors in the companion Magic Quadrant for benchmark performance time length in incentive compensation processing (see Note 1).

- **Audit:** Performio provides all necessary audit information including date/time stamps, item changed and who made the change, but only in a log report.

- **Integration:** Performio offers a participant sync capability to help automate payee adds/ changes and deactivations. Integration with Salesforce is available. An open API integration for SaaS applications is available to push data to Performio.

- **Advanced analytics:** Performio does not currently offer advanced analytics capabilities, and it is not a near-term roadmap item.

SAP (CallidusCloud)

SAP completed its acquisition of CallidusCloud in April 2018.

SAP (CallidusCloud) provides a comprehensive SPM suite that includes incentive compensation management, territory and quota management and planning, gamification, objectives management and advanced analytics (predictive). It is offered within the SAP Sales Cloud portfolio.

SAP's SPM modules are deployed as SaaS only. The vendor offers separate but complementary functionality to SPM including learning management, sales forecasting, pipeline management, and configure, price and quote (CPQ). Although these capabilities are not included in this evaluation, they may be of interest to buyers looking for a broader lead-to-cash set of offerings in one vendor.

SAP also offers three industry-specific SPM products for:

- Insurance (including onboarding and life cycle management)

- Telecommunications (for dealer management)

- Multilevel marketing

These are offered separately and not considered in the included use cases.

SAP received customer reference scores of 4.0 or above for calculations, rule definitions, scalability and audit.

Below are some key distinctions that Gartner has identified for the SAP offering:

- **Calculations:** SAP provides a comprehensive set of calculation types, and the "walk me" wizard guides the user through the process of creating a plan. The wizard also includes smart functionality to narrow down and recommend only functions that what will work within a calculation. Medium to advanced Excel skills are required for compensation administration.

- **Workflow/collaboration:** Workflow capability is available in the mobile application. Advanced workflow capabilities require an implementation/integration of a separate product.

- **Scalability:** SAP is in the top third of vendors for speed of processing data, complex plans and report refresh (see Note 1 for benchmark details).

- **Integration:** Data integration mapping utilizes a two-way drop-down (source and target) to simplify the process. Connect Enterprise includes over 150 out-of-the-box integrations, including integrations with other CRM systems such as Salesforce, Microsoft Dynamics, Oracle and SugarCRM.

- **Advanced analytics:** SAP uses its patent-pending continuous ML to evaluate plan effectiveness by plan component. It also provides next-best action recommendation for both administrators and sales reps. Thunderbridge Artificial Intelligence must be purchased separately to include this functionality.

- **Standard reporting and analytics:** Standard reporting utilizes Thunderbridge Analytics, although Business Objects or Crystal Reports are still used and available. Thunderbridge Artificial Intelligence, sold separately, would be required for advanced analytics capabilities such as predictive or ML/AI.

Xactly

Xactly is deployed only as SaaS. It provides a product suitable for midmarket and enterprise deployments (Xactly Incent Enterprise). It also offers Xactly Express and Xactly SimplyComp for the small and midsize business market, but these products were not evaluated as part of this research.

Xactly provides a comprehensive suite of SPM functionality including incentive compensation management, territory and quota management, objectives management, territory planning and

advanced analytics (benchmarking). Its benchmarking product, Xactly Insights and Xactly Insights for Sales, are offered separately or can be bundled with Incent. Xactly now offers full ASC 606 functionality via its acquisition of Obero in February 2018. The vendor has yet to fully integrate AlignStar and Obero into a single UI.

Xactly received customer reference scores of 4.0 or above for calculations, rule definitions, workflow and collaboration, scalability, integration (data and product suite), advanced analytics, and customization and extensibility.

Below are some key distinctions that Gartner has identified for Xactly Incent Enterprise:

- **Calculations:** All calculation types evaluated are handled by Xactly Incent.

- **Rule definitions:** Rules created for incentive compensation are reusable (via a library) from one plan to another.

- **Scalability:** Xactly is in the bottom third of vendors in the companion Magic Quadrant for benchmark performance time length in incentive compensation processing (data load, crediting through, incentive calculation and report refresh). See Note 1 for benchmarking exercises.

- **Integration:** Xactly Connect offers the ability to use a business UI or program directly via SQL statements to integrate data into the Xactly solution. It is also used to connect Incent to acquisitions such as AlignStar and CEA. Xactly Connect includes prebuilt connectors to Workday, Salesforce and Microsoft Dynamics.

- **Advanced analytics:** Xactly anonymized and aggregated its client data and uses this for benchmarks. It delivers analytics and actionable recommendations to compare against a customer's organization. Through Insights for Sales, additional insights are available such as the likelihood of sales rep attrition.

- **Customization and extensibility:** Xactly provides estimator functionality that can be embedded into CRM and CPQ products. Estimators can be developed by customers to integrate into their own platforms. Xactly also supports mobile apps on iOS and Android.

Context

This analysis complements "Magic Quadrant for Sales Performance Management" and focuses specifically on product capabilities. Gartner outlines four major use cases for SPM based on Gartner client interest. Gartner identifies the corresponding required functionality to support the use cases. The functionality is further weighted for each use case. Each critical capability is weighted differently based on its overall relative importance for a specific use case.

All of the providers evaluated in this Critical Capabilities research have been in the SPM market for a lengthy period and offer a generally high-quality product/service. Note that, when we say "all providers," we specifically mean all of the evaluated providers included in this research, not all SPM providers in general. The vendors covered in this research are the same vendors included in the Magic Quadrant.

Product/Service Class Definition

Sales performance management (SPM) solutions offer a suite of operational and analytical functions that automate and unite back-office operational sales incentive processes. SPM is implemented to improve sales execution efficiency and operational effectiveness. Capabilities include sales incentive compensation management, territory management and planning, quota management and planning, objectives management, gamification, and advanced analytics (benchmarking, predictive and prescriptive, and AI/cognitive/ML).

SPM accelerates representatives' time to value by providing real-time visibility into pay and performance, as well as opportunity estimation of expected commissions. Thus, it encourages sales representatives to keep more accurate forecasting in the CRM system. SPM provides motivation for increased close rates on profitable sales. When SPM is tied to financial planning and analysis revenue forecasts and sales forecasts, more accurate quotas can be set, thus providing a more holistic approach to the business. SPM, bridged with CRM, helps the go-to-market efforts of companies by effectively executing and monitoring compensation plans at the territory and field representative levels.

The three core processes included with an SPM system are incentive compensation management, territory management and quota management. These core functions also link to near-core complementary processes — quota and territory planning, objective management, gamification, and advanced analytics — providing a single operational system.

Critical Capabilities Definition

Calculations

The ability to create different types of complex compensation calculations.

Calculations may be required to create crediting, incentive, objective and bonus results. They vary in complexity from simple commission rates to very complex formulas involving multiple factors, weightings and "if/then" logic. Applications generally utilize business language and constructs (such as wizard-based functionality or drag-and-drop features). Calculations may also be used to create complex quotas.

All vendors were evaluated on their ability to provide the following calculation types:

- Tiered rate

- Linear

- Percentage of weighted, on-target earnings

- Highest rate

- Rate determined by master data (e.g., product, account, geography)

- Multiple parameters or filters within logic (e.g., if/then, or min/max)

- Look-up functionality

- Date effectivity

- Draws and guarantees

- Prior period adjustments with balance carry forward

- Sales performance incentive funds (SPIF), also known as "contests"

Rule Definitions

Encompasses the ability to create different types of complex business rules. It includes complex rules for incentives, objectives and bonus payments, as well as territory definitions.

Business rules can define crediting assignments including roll-ups, direct and indirect, and multiple edit (one transaction causing many credits such as overlays or product specialist roles).

Scalability

Encompasses the ability to scale data volume while maintaining performance.

SPM applications need to process ever-increasing volumes of customer transactions efficiently and rapidly. The ability to handle large and detailed transaction data volumes on input and through calculations and reporting, while maintaining the performance of the application, is considered for this category.

Workflow and Collaboration

Encompasses the ability to collaborate on operational processes and resolve issues through a defined process.

This category includes the ability to create a multilevel workflow involving multiple steps, organizational levels and decision-making criteria like delegation and conditional logic.

Workflows are required by many organizations to support the operational processes that include the creation, distribution, collaboration, review and approval of:

- Compensation plans

- Payment workflows

- Dispute resolution and inquiries

- Forms (e.g., MBO/KPI categories and scoring)

- Quota, territory and compensation modeling

Customization and Extensibility

Encompasses the ability to customize and extend the data model to fit different customer needs. This could include the ability to create new fields and tables, and modify existing tables to transform data to add a new calculated field or result.

Customization and extensibility also includes platform capabilities for building custom user interfaces, automating custom business logic and workflow, or integrating third-party applications.

Audit

Encompasses the ability to provide an accessible and exportable audit trail, including the ability to track any item whether it is new, changed or deleted.

The audit capability should contain a date and time stamp for the item, the user who made the change and where it was changed. It should also include a "before and after" view of the changed item. It should be accessible from the item within the application, and via an audit log (which means it can be exported or reported outside the application).

Standard Reporting and Analytics

Encompasses the ability to provide standard reports for end users.

Standard reports are provided "out of the box" by vendors and will only need slight configuration to customize to a customer's organization. These reports are descriptive in nature, exploring what happened historically. They include commission statement and detail reports, as well as quota attainment for sales reps. Manager reports include team summary, detail and ranking. Operational reports include commissions paid to date, transaction validation, compensation effectiveness and workflow status reports. Ad hoc reporting includes the ability to easily create, modify and filter reports by a business user.

Advanced Analytics

Encompasses the ability to provide advanced analytics capabilities beyond standard out-of-the-box reporting such as compensation statements, quota or target attainment, and detail reports.

Advanced analytics goes beyond the descriptive reporting and analysis of historical data to the end user, which has traditionally been offered by SPM vendors. It is the ability to provide intelligence and prediction around the compensation data to make better decisions. This might include optimization of compensation plan design, regulatory compliance, or optimization of compensation plan execution. Three examples of advanced analytics considered here are benchmarking, artificial intelligence (including bots, natural language processing and machine learning), and predictive and prescriptive analytics.

Modeling

Encompasses the ability to create multiple compensation plan or quota/territory scenarios, and analyze and compare the results.

Compensation models may include changes to existing compensation plans (with various levels of complexity), as well as the creation of entirely new plans. Modeling uses historical, forecast or imported modeled data to calculate and review the results of the model. It simultaneously compares models. It can also compare a model to existing production compensation plans. It reports against the results and uses approval workflow to accept the changes and move them to production with effective dating.

Quota and territory planning are included in this category. Different quotas or territories need to be modeled out to review compensation effects, and will also require collaboration and workflow/approval before final distribution within the SPM system.

Data Transformation (ETL)

Encompasses the ability to transform incoming data to incentive compensation management (ICM) on import and within the application.

Data that sits in an ERP or other legacy source system often requires "massaging" to allow it to be usable by the incentive compensation system. Nontechnical business users require the ability to use the application to map data into the ICM application and transform that data as required. Once data is in the SPM application, it may require further transformation, categorization or aggregation to support calculation for compensation metrics.

Integration (Data & Product Suite)

Encompasses the ability to integrate SPM with different products, both up- and downstream.

The ability to provide seamless integration between different products in the product suite so that data passes back and forth between different modules or applications in the suite is considered for this category. It includes the ability to integrate different kinds of data into the application from systems of record such as enterprise resource planning (ERP), customer relationship management (CRM), and human capital management (HCM). It includes the ability to integrate with third-party applications, or have third-party applications integrate with SPM. For example, if planning sits in another application included in the suite of SPM offerings, the applications should be integrated so that data movement between the two is seamless and automatic for the users. It should also include the ability to integrate to downstream systems (such as payroll and data warehouses).

Use Cases

Incentive Compensation

This use case is focused on incentive compensation and compensation administration needs for configuration and maintenance.

Compensation administrators are required to create and manage a set of complex business rules and calculations to manage their compensation plans. This becomes even more complicated for global organizations managing multiple languages, multiple currencies and an array of regulatory requirements. The ability to audit any changes is essential for public companies. Workflow for a wide range of processes — including plan creation, dispute resolution and payroll approval — are required to ensure that issues are resolved and work is processed efficiently. ETL capabilities are required for integrating and possibly transforming incoming data to the ICM application.

At different points during a plan year, compensation administrators are asked to produce different models for requested changes to compensation plans or entirely new plans. These models need to provide pay results by varying attributes (such as plan, payee, time period or geography). When deciding whether plans are effective — or even how to design or optimize plans — advanced analytics provide data-driven reasoning to assist the compensation administrator in decisions.

Calculations, rule definitions and scalability are weighted most heavily, followed by workflow and collaboration, for this use case. All 11 critical capabilities are included in this use-case evaluation to some extent (see Table 1).

Quota Management and Planning

Focuses on quota management as well as quota planning, including the use of workflow, modeling, audit and calculations, which are most important for this use case.

All critical capabilities are included in this use-case evaluation to a lesser extent. Compensation administrators must work with other departments within the organization (such as finance and sales) to create and assign quotas for a new plan year. This includes major changes in a current plan year that need to be effective dated to track changes over time.

Different factors come into play when planning, such as seasonality and the ability to "smooth" quotas. The ability to collaborate and create multiple scenarios to determine the best path forward — including final approval and distribution — are important for operational efficiency. Once the quotas are created, they must be distributed and assigned so that compensation may be tracked and performance evaluated (and adjusted) as required.

Territory Management and Planning

This use case focuses on territory management including territory definitions and credit assignment, as well as optimal territory planning.

Compensation administrators must work with other departments within the organization (e.g., sales) to create territory definitions and assign credit to sales reps based on those territory definitions. Planning includes the optimization of territories.

These changes need to be tracked over time to properly compensate those sales reps. Territory definitions must be able to account for multiple attributes in combination, including (but not limited to) account, geography and product attributes. They need to be effective dated as they change over time, and need to take into account methodologies such as matrix and/or precedence (inheritance).

Different factors come into play when planning. The ability to collaborate to determine the best path forward ending in approval processes is important. Once territories are created, they must be assigned to sales reps and others so that credit assignment and resulting compensation are tracked, and performance evaluated. Sales crediting is often described as the "heavy lifting" of incentive compensation as it is data intensive.

Rule definitions, modeling, scalability and workflows are weighted most heavily for this use case (see Table 1). Calculations and data transformation (ETL) critical capabilities were not considered in this use-case evaluation.

Objectives Management

Objectives are defined as objective or subjective. They require workflow and subsequent calculation of monetary or noncash payments.

Objectives are goals such as management by objectives (MBOs) or key performance indicators (KPIs). Objectives may be set by sales reps or sales managers working in conjunction with sales reps. They may also be defined by the administrator. These MBOs and KPIs could include corporate profitability, customer satisfaction scores, number of training modules completed, or mentoring of colleagues. Creating, scoring and tracking objectives will use the incentive compensation management application to calculate the results (monetary or noncash rewards). It needs to include workflow and collaboration.

Workflow and rule definition are weighted most heavily for this use case. All critical capabilities were considered to a lesser extent for this use-case evaluation.

Vendors Added and Dropped

Added

- **Performio**
- **SAP —** SAP acquired CallidusCloud in early 2018; profile renamed as SAP (CallidusCloud)

Dropped

- **Obero —** Obero was acquired by Xactly in 2018, and now forms part of the Xactly evaluation

Inclusion Criteria

The inclusion criteria for this Critical Capabilities research are identical to the companion Magic Quadrant.

To qualify for inclusion, vendors must:

- Have at least 55% of revenue come from SPM software sales.

- Offer a native incentive compensation management product inclusive of sales incentive compensation crediting, and include out-of-the-box reporting and analytics, plus at least one other SPM capability. These additional SPM capabilities are: territory management, quota management, gamification, objectives management, advanced analytics, territory planning, quota planning, sales comparative benchmarking. Examples of advanced analytics include predictive, prescriptive, machine learning and benchmarking. Examples of sales comparative benchmarking include the benchmarking and analysis of sales execution including traditional and nontraditional data — such as sales activities and sales enablement activities including structured and unstructured data from non-SPM sources.

- Have an SPM products in general availability (GA) for at least 12 months.

- Support a customer base of at least four different industries, such as banking, financial services, retail, insurance, telecommunications, media, travel and transportation.

- Offer a native cloud (SaaS) solution.

Vendors must also meet at least *two* of the following four criteria:

- Have at least $5 million in SPM software license revenue for the SPM product being submitted for consideration.

- Have sold to at least 15 net new named SPM accounts (new logos, independent of re-implementations from previous versions of a product) during the last 12 months. The buyers must have purchased the SPM software to manage their own SPM operations, not as a managed services function.

- The SPM product must have at least 20 active (live) named accounts (logos, not subsidiaries or business divisions).

- Private organizations must have more than 50 employees.

Table 1. Weighting for Critical Capabilities in Use Cases

Critical Capabilities	Incentive Compensation	Quota Management and Planning	Territory Management and Planning	Objectives Management
Calculations	20%	13%	0%	10%
Rule Definitions	15%	7%	18%	15%
Modeling	6%	18%	18%	10%
Workflow and Collaboration	8%	18%	9%	25%
Scalability	15%	3%	11%	3%
Audit	8%	12%	10%	8%
Integration (Data & Product Suite)	5%	12%	12%	12%
Data Transformation (ETL)	5%	3%	0%	5%
Advanced Analytics	7%	7%	7%	4%
Customization and Extensibility	9%	5%	10%	3%
Standard Reporting and Analytics	2%	2%	5%	5%
Total	**100%**	**100%**	**100%**	**100%**
				As of 1 January 2019

Source: Gartner (January 2019)

This methodology requires analysts to identify the critical capabilities for a class of products/services. Each capability is then weighed in terms of its relative importance for specific product/service use cases.

Critical Capabilities Rating

Each of the products/services has been evaluated on the critical capabilities on a scale of 1 to 5; a score of 1 = Poor (most or all defined requirements are not achieved), while 5 = Outstanding (significantly exceeds requirements).

Table 2. Product/Service Rating on Critical Capabilities

Critical Capabilities	Anaplan	beqom	IBM	Iconixx	Incentives Solutions	NICE	Optymyze	Oracle	Performio	SAP (CallidusCloud)	Xactly
Calculations	4.0	3.8	4.3	4.0	4.0	4.1	4.4	4.2	3.6	4.2	4.0
Rule Definitions	3.9	4.0	4.7	4.3	4.0	4.4	4.7	4.4	3.3	4.4	4.1
Modeling	4.0	3.0	4.4	2.1	2.7	3.0	4.2	4.4	2.0	4.2	3.5
Workflow and Collaboration	3.5	3.6	4.6	3.3	3.5	4.8	4.5	4.4	2.8	4.5	3.8
Scalability	4.8	4.8	4.8	3.1	3.5	4.8	4.8	3.8	2.3	4.5	2.8
Audit	3.8	4.4	4.6	4.7	4.4	4.8	5.0	4.6	3.5	4.3	4.1
Integration (Data & Product Suite)	3.4	4.2	4.2	4.3	4.2	4.3	4.5	4.3	3.8	4.6	4.6
Data Transformation (ETL)	4.8	3.0	4.5	4.5	4.0	4.9	5.0	4.5	4.0	4.5	4.5
Advanced Analytics	4.0	4.0	4.4	0.0	4.0	3.4	4.0	3.6	0.0	3.8	4.1
Customization and Extensibility	4.3	4.1	4.3	3.8	4.0	4.3	4.6	4.6	3.9	4.4	4.0
Standard Reporting and Analytics	3.9	3.9	4.4	3.5	3.9	4.1	4.4	4.8	4.1	4.1	3.9
										As of 1 January 2019	

Source: Gartner (January 2019)

Table 3 shows the product/service scores for each use case. The scores, which are generated by multiplying the use-case weightings by the product/service ratings, summarize how well the critical capabilities are met for each use case.

Table 3. Product Score in Use Cases

Use Cases	Anaplan	beqom	IBM	Iconixx	Incentives Solutions	NICE	Optymyze	Oracle	Performio	SAP (CallidusCloud)	Xactly
Incentive Compensation	4.08	3.99	4.50	3.53	3.85	4.32	4.57	4.26	3.01	4.33	3.86
Quota Management and Planning	3.87	3.79	4.45	3.36	3.73	4.16	4.50	4.33	2.91	4.33	3.95
Territory Management and Planning	3.96	3.94	4.50	3.33	3.73	4.16	4.54	4.33	2.86	4.34	3.86
Objectives Management	3.84	3.81	4.49	3.58	3.78	4.33	4.54	4.37	3.08	4.37	3.98
										As of 1 January 2019	

Source: Gartner (January 2019)

To determine an overall score for each product/service in the use cases, multiply the ratings in Table 2 by the weightings shown in Table 1.

Gartner Recommended Reading

Some documents may not be available as part of your current Gartner subscription.

"How Products and Services Are Evaluated in Gartner Critical Capabilities"

"Magic Quadrant for Sales Performance Management"

"Toolkit: Sales Performance Management RFP"

"Predicts 2019: CRM Sales Technology Will Align With Digital Optimization Objectives"

Evidence

This research is based on:

- Responses from vendors via the companion Magic Quadrant survey collected in August/ September 2018.

- Interactive briefings and detailed demonstrations from the vendors evaluated regarding product capabilities and use cases.

- Customer reference survey results for the companion Magic Quadrant.

- Interviews with various customers at conferences and events.

- Inquiries from Gartner clients in 2018.

Note 1 Benchmarking Exercises

The following benchmark exercises were performed by all vendors participating in the research to demonstrate performance capabilities at different scales.

- 10,000 payees.

- Four-tier sales hierarchy covering associates and managers in 200 retail locations.

- Five active plans.

- Plans contain a metric that includes percentage weighted on-target earnings (OTE) on a linear payout curve.

- A cap in Month 1 and 2 of a quarter, with a true-up in Month 3.

- 100 SKUs/products per plan.

- 10 active rules per plan.

- 600,000 transactional records per month.

- Record length at least 20 fields wide.

- Three different currencies translated to U.S. dollars for payout.

There is one MBO based on customer satisfaction score for three-tier payout.

Processing times were evaluated to understand the scalability and processing time required for complex compensation plans with large data volumes. Taken into consideration were tasks from loading data and including validation, all the way to availability of final calculated results to end users. Individual categories were aggregated and total time to process was used as part of our scalability and performance evaluations of the vendors.

- Data file processing time includes server time for load, transformation and aggregation processes.

- Average incentive compensation calculation time.

- Average time for reports and analytics calculation/refresh.

Critical Capabilities Methodology

This methodology requires analysts to identify the critical capabilities for a class of products or services. Each capability is then weighted in terms of its relative importance for specific product or service use cases. Next, products/services are rated in terms of

how well they achieve each of the critical capabilities. A score that summarizes how well they meet the critical capabilities for each use case is then calculated for each product/service.

"Critical capabilities" are attributes that differentiate products/services in a class in terms of their quality and performance. Gartner recommends that users consider the set of critical capabilities as some of the most important criteria for acquisition decisions.

In defining the product/service category for evaluation, the analyst first identifies the leading uses for the products/services in this market. What needs are end-users looking to fulfill, when considering products/services in this market? Use cases should match common client deployment scenarios. These distinct client scenarios define the Use Cases.

The analyst then identifies the critical capabilities. These capabilities are generalized groups of features commonly required by this class of products/services. Each capability is assigned a level of importance in fulfilling that particular need; some sets of features are more important than others, depending on the use case being evaluated.

Each vendor's product or service is evaluated in terms of how well it delivers each capability, on a five-point scale. These ratings are displayed side-by-side for all vendors, allowing easy comparisons between the different sets of features.

Ratings and summary scores range from 1.0 to 5.0:

1 = Poor or Absent: most or all defined requirements for a capability are not achieved

2 = Fair: some requirements are not achieved

3 = Good: meets requirements

4 = Excellent: meets or exceeds some requirements

5 = Outstanding: significantly exceeds requirements

To determine an overall score for each product in the use cases, the product ratings are multiplied by the weightings to come up with the product score in use cases.

The critical capabilities Gartner has selected do not represent all capabilities for any product; therefore, may not represent those most important for a specific use situation or business objective. Clients should use a critical capabilities analysis as one of several sources of input about a product before making a product/service decision.

GARTNER HEADQUARTERS

Corporate Headquarters
56 Top Gallant Road
Stamford, CT 06902-7700
USA
+1 203 964 0096

Regional Headquarters
AUSTRALIA
BRAZIL
JAPAN
UNITED KINGDOM

For a complete list of worldwide locations,
visit http://www.gartner.com/technology/about.jsp