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Xactly Incent 'Changes the Game' for Informatica Sales Compensation Process

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Mark Pellowski, Vice President of Finance, Informatica

Informatica Corporation is the leading independent provider of enterprise data integration software and services, enabling more than 3,300 customers worldwide to better leverage all their enterprise information assets. As its business grew—in sales, number of products and employees, and through acquisitions—Informatica was finding itself constrained by manual, spreadsheet-based incentive compensation management methods, which were chewing up administrative time, propagating errors and placing a drag on the company's agility and compensation inventiveness. In turning to Xactly Incent, Informatica has eliminated these problems and more, transforming incentive compensation from a cost center into a strategic advantage.

Challenge

Known around the world as the data integration company, Informatica had become mired in complex spreadsheets when it came to managing incentive sales compensation. A single Informatica sale might easily involve up to 40 people who need to be compensated—from the sales rep, field management and presales professionals, to the company's alliances staffers and various overlay people. For each sale, finance had to roll up the numbers, make changes, and manually flow the data through as many as 40 separate spreadsheets—one for each individual involved. As the company became increasingly successful, its sales compensation process became more onerous and risky.

"There was a lot of room for error and a lot of administrative overhead," explains Mark Pellowski, vice president of finance, Informatica. "We had numerous people overseeing and reviewing the process, and still ran the risk of errors. And at the end of each quarter, when many of our deals come in, the effort to close the books and pay commissions—not to mention the drama—was becoming challenging and clearly not scaling the way we wanted."

"We finally determined it was time to take a page from our own playbook, and implement an automated, real-time system to take a lot of the pain out of managing sales incentives and allow us to get more sophisticated with compensation."

Solution

A champion of cloud computing and with a growing portfolio of pioneering Software-as-a-Service (SaaS) offerings of its own for data integration, Informatica decided that an on-demand solution made perfect sense for incentive compensation management. After a thorough evaluation and ROI analysis of available options, Informatica selected the Xactly Incent on-demand application to automate its incentive compensation management process, end to end, across 18 countries and in 12 currencies.

"Some of us had used rules-based compensation management solutions before, and were familiar with the functionality,"

claims Pellowski. "We now wanted to do it less expensively and on-demand. Compared to its direct competition, Xactly has a better vision of what a true on-demand SaaS product should be. Plus Xactly started fresh and built Xactly Incent from the ground up as a pure, multi-tenant SaaS solution, without any baggage from an on-premise past."

Informatica went live with Xactly Incent in December 2006, and began experiencing immediate time and cost savings around initial implementation alone.

"We were delighted with how fast and easy it was to set up and roll out Xactly Incent," says Pellowski. "The upfront costs were extremely low, so there were no big expenditures to justify getting all the functionality we wanted. We spent in the very low double digits to accomplish what would have cost us more than \$200,000 to achieve had we deployed a comparable on-premise solution using the requisite legion of consultants."

Compared to its previous manual compensation management process, Informatica continues to rack up enormous savings and efficiency gains. In the past, around quarter's end, Pellowski had to rely on the labor of three full-time equivalents (FTEs) over the period of a week and a half just to process compensation on all incoming deals. Now he has just one full-time and one part-time headcount to handle

all incentive compensation management, quarter in and quarter out.

"We now have much more efficient processes, with stronger internal controls, and without all the angst," elates Pellowski. "And that's the just the finance department. The field likes the real-time online visibility that Xactly provides into commission plans and attainment, while sales management is enjoying virtually unfettered creativity in devising complex comp programs because we can now actually administer them. In short, it's been a win all around."

Business Benefits

More strategic plans

Xactly Incent has given Informatica the ability to get more strategic with its incentive compensation. Because the compensation management process is now more straightforward, finance no longer has to push back on the creativity that sales wants in its compensation program. This in turn has fostered a closer alignment between sales and finance. "We've been able to introduce numerous new complexities into our plans that were unworkable in the past, but which are of great strategic value," says Pellowski. "For example, we now 'fast start' bonuses based on when a rep brings in a deal during the year, and we've instituted cash-basis commissions. Also, now when we acquire a company, we can give an uplift on the sale of products from that company to help acceler-

ate payback from the acquisition—letting reps get more comfortable, more quickly in selling the synergies between new and existing offerings."

Scalable process

Due to the critical advantages it provides its global clientele, Informatica continues to grow and expand its operations and portfolio of offerings. Once a drain on the bottom line, incentive compensation management at Informatica is now a scalable, cost-effective process that can help drive sales performance and thus both top- and bottom-line growth. "Compensating more strategically helps us grow and be more profitable," says Pellowski. "As we continue to grow, Xactly Incent scales along with us so that we can truly accomplish more with fewer resources. Since going live with Xactly Incent, we've greatly extended our product line and have expanded the sales team 25 percent without having to hire additional administrative resources to manage sales compensation."

Ensured accuracy

Spreadsheets are a notoriously error-prone management vehicle. With each new payee, product, national market and pay-out currency, Informatica's exposure to compensation error, risk and non-compliance is multiplied. Xactly Incent now provides the company with ensured compensation accuracy through its process automation and rules-based compensation engine. "Compliance has always been a concern,

as has accrual accuracy and payment precision," says Pellowski. "Xactly Incent has enabled us to get our arms around all this in a programmatic fashion. We have ready visibility and end-to-end auditability into the compensation management process, which are next to impossible to achieve with spreadsheets. We even have the ability to automate compensation plan approvals and certification letters with electronic sign-offs."

State-of-the-art platform

Because Xactly Incent is built on a pure multi-tenant SaaS platform, new features and updates are quickly available across Xactly's entire base of subscribers, without any customer ever having to wait for major product revisions. "With Xactly, we don't worry about being several revs behind in functionality," asserts Pellowski. "New features show up when they're ready, they go into our Xactly Incent implementation automatically, and they work – no fuss, no muss. Plus the overall ease of use of Xactly Incent is excellent, even as it becomes increasingly rich in features."

Concludes Pellowski, "If we had not migrated off spreadsheets and moved to Xactly Incent, we would be struggling to compensate as strategically as we need to within the tight timeframes that are required. Xactly has been a game-changer for us."