

## After Centive buy, SPM firm Xactly anticipates combined platform, more Force.com apps

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### Event summary

- Xactly, less than two months after buying rival Centive, has made a key decision. The platform for future development will be its own Incent product, not Centive's Compel, although it plans to employ some of Centive's user interface and workflow work.
- The SaaS sales performance management (SPM) firm intends to revamp Centive's work on a Force.com-based incentive planning and design tool and release it later this year. Xactly will also debut a quota and territory management module built on Force.com.
- Xactly is committed to supporting Compel customers for the next 18-plus months and anticipates users migrating over to Incent at their own pace. Eventually, it does expect to consolidate its and Centive's datacenter operations into a single facility.

### The 451 take

To the winner go the spoils. So it's not surprising Xactly's Incent will be the foundation of future product development rather than the Compel technology acquired with its Centive purchase. While Compel customers will have to make some form of migration over to Incent, it's good they can do so at their own pace. The recession seems to be favoring firms in measurement, management and analytics spheres like Xactly, but like any SaaS company, it knows it has to find ways to make its SPM apps stickier. Xactly's keen to grow the number of customers buying add-ons and more seats up from the current level of around 33%. Tighter integration with CRM software will help, as will greater exposure to Salesforce users via more Force.com-based modules.

### Details

As it integrates the fruits of its first-ever purchase, SaaS SPM player **Xactly Corp** looks to both cement its position in the SMB arena and to attract more enterprise-level customers. It's keen to demonstrate scalability, talking up some 3,000-plus subscriber deployments and a recent move to a larger datacenter in Ashburn, Virginia, operated by **OpSource**. Xactly retained 70-75% of **Centive's** employees, including most of its engineers and support staff. It's hoping Incent's analytics and the tight integration between its open APIs and CRM applications prove appealing to current Compel users. Xactly's working to build stronger ties into **Oracle's** CRM On Demand, to be more on par with its links into Salesforce CRM, and is also developing hooks into **Microsoft's** Dynamics CRM Online.

Xactly has already built a noncash-rewards module on Force.com, and plans to release two other offerings based on the June release of **Salesforce.com's** development platform later this year. One is the long-awaited quota and territory management module Xactly has had in the works for some time, and the other builds on a planned Centive product, Sales Plan Accelerator, which will be renamed Sales Plan Configurator. Xactly is about to release Incent 4.5, which features improved search capabilities across the application.

Looking ahead, Xactly's interested in refining its user interface, perhaps adopting a roles-based approach, and may look to incorporate Compel's look and feel, which was built using **Adobe's** Flex. It may also blend in some of Compel's work on document management and workflow. Next year, Xactly plans to further enhance its analytics so they can be used for modeling and to analyze presales data. Xactly's sticking with its pricing model – from \$50 per subscriber per month for Incent with an extra fee for add-ons – over Centive's \$50 all-in-one package approach. It's considering offering a price point for the entire Incent suite, which would include all modules.

### **Competitive landscape**

No longer having to compete against Centive has freed Xactly to go after public on-demand and on-premises SPM player **Callidus Software** more aggressively. The two should encounter each other more frequently, both in the mid-market arena where Callidus has recently focused more of its SaaS efforts and higher up the market where Xactly's hoping to take on the company in Callidus' own enterprise backyard. While Callidus has begun encroaching on some of the employee performance management typically part of human capital management, Xactly's now looking at possibly offering some basic HCM compensation functionality. However, Xactly stresses it has no interest in more sophisticated areas of HCM like talent management, where it had partnerships with **Cornerstone OnDemand** and **SuccessFactors**.

Also sitting at the higher end of the SPM market are Oracle, **Varicent**, **SAP** and **Syngy**. Xactly's an Oracle partner, but Oracle also offers its own incentive compensation management, most notably in E-Business Suite. SAP has an OEM partnership with Callidus in North America and tends to compete internationally in some vertical markets. At the lower end of the market, SaaS startup **Makana Solutions** is looking to appeal to small businesses through a combination of technology and consulting. **Merced Systems**, home to **Practique Associates**, and **nGenera**, which owns **Iconixx** and **nCent Software**, are also players.

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