



Xactly Corporation Celebrates Anniversary at Salesforce.com's Dreamforce 2006 Conference

*Xactly Incent Application Launched One Year Ago, Now the
Leading On-Demand Sales Compensation Management Solution*

SAN FRANCISCO, Calif. – salesforce.com Dreamforce Conference, October 9, 2006 – Xactly Corporation, (www.xactlycorp.com), the leader in automated on-demand sales compensation management, and salesforce.com (NYSE:CRM), the market and technology leader in on-demand business services, today celebrated the one-year anniversary of the launch of Xactly and its Xactly Incent™ application, both of which were introduced for the first time at salesforce.com's Dreamforce user conference in September 2005. In 13 months since the last conference, Xactly has established itself as the leading on-demand sales compensation management application.

"The last year has been an exciting time for Xactly," said Christopher W. Cabrera, Xactly founder, president and CEO. "We eclipsed a number of significant financial and user milestones, released three new versions of the Xactly Incent application, filed a pair of patents, secured \$8M in additional funding, added veteran leadership to the management team, and closed deals with dozens of new customers.

"But our most important accomplishment has been the role we've played in exposing sales compensation management as the next 'big thing' in on-demand. Like CRM before it, the sales compensation management category experienced a slowdown before the advent of the on-demand model. Now every company, regardless of size, can enjoy the benefits of sales compensation management," concluded Cabrera.

"The on-demand sales compensation management market is roughly at the same point that on-demand CRM was three years ago," said Denis Pombriant, managing principal, Beagle Research Group. "But because the on-demand model is more widely accepted, the growth rate for on-demand sales compensation management may be faster. There is tremendous need and time will tell if on-demand sales compensation management has the legs to match on-demand CRM, but the category is off to a great start."

Customer demand for the Xactly Incent solution has been strong since the product was introduced in September 2005, with industry leaders such as Covad, Redback Networks, IronPort Systems, Informatica Corporation and Good Technology among the first to sign-up. And despite the perception that on-demand solution deployments are mostly small in scale, Xactly has secured a number of accounts with user populations in excess of 1,000 seats.

Still other companies are leveraging Xactly via the AppExchange, on which the Xactly Incent application became available in May 2006. As a direct result of being on the AppExchange, Xactly has secured a number of customers, including CNET, NetQoS, QuoteRetriever.com, BlueArc Corporation, PostX, WageWorks, Inc., Sylanro Systems, Weight Loss Partners, Riverbed and SchoolDude.com. These companies now benefit from on-demand sales compensation management within their Salesforce implementations.

"Since its debut last year, Xactly has come on tremendously strong, thanks in large part to its on-demand business model and focus on customer success," said Matt Holleran, vice president, AppExchange partners, salesforce.com. "Like salesforce.com, Xactly is delivering a multi-tenant on-demand application. Both companies believe fundamentally that multi-tenancy is key to delivering an effective on-demand solution. The momentum Xactly has gained in such a short time is evidence that customers see the Xactly solution as an excellent means of extending the value of their Salesforce investment."

Xactly Incent is one of more than 375 applications that are now available on the salesforce.com AppExchange, the world's first on-demand directory and sharing service, found at <http://www.salesforce.com/appexchange>. The AppExchange has proven to be a fertile breeding ground for companies in search of a sales compensation management solution. According to salesforce.com's second quarter 2006 research, sales commissions was one of the most requested applications on AppExchange, with 30 percent of survey respondents selecting on-demand commissions management as an area of interest to them in the next 12 to 18 months. The reason? There is natural synergy between on-demand CRM and on-demand sales compensation management that is not found in other categories.



"The importance of managing customer relationships is not to be underestimated," said Morgan Norman, WageWorks regional vice president, SMB and field sales operations, and an Xactly customer. "But an argument can be made for the management of sales compensation as having a similar if not greater value to an organization. Effectively managing customer relationships ensures that our sales reps always know the status of customer engagements and opportunities—this is good; effectively managing sales compensation ensures our reps sell more of our most profitable products—this is great."

"Xactly was easy to implement and provides our sales reps with an effective solution," said Aidan Cullen, chief financial officer, Sylanro Systems, and an Xactly customer. "Xactly Incent offers improved productivity for the administration and management of compensation plans."

About Xactly Corporation

Xactly Corporation delivers automated on-demand sales compensation applications that enable companies to incent right and sell more. In today's spreadsheet paradigm, companies tend to simplify or unnecessarily complicate their incentive programs. These programs, delivered with no real-time visibility, often leave the sales force unmotivated, resulting in unpredictable results. Xactly Incent allows companies to easily and affordably design, implement, manage and audit optimized incentive programs. With these improved programs in place, Xactly Incent provides sales with unprecedented real-time visibility via the web. The combination of the right incentives with complete visibility motivates sales to sell more. For more information, visit www.xactlycorp.com or call 1-866-GO-XACTLY.

About salesforce.com

Salesforce.com is the market and technology leader in on-demand business services. The company's Salesforce suite of on-demand applications enables customers to manage and share all of their sales, support, marketing and partner information on-demand. Apex, salesforce.com's on-demand platform and programming language, enables customers, developers and partners to build powerful new on-demand applications, and for the first time, to write and run their own code hosted with the security, reliability, upgradeability and ease-of-use of salesforce.com's industry-leading multi-tenant service. Customers can also take advantage of Successforce, salesforce.com's world-class training, support, consulting and best practices offerings.

As of July 31, 2006, salesforce.com manages customer information for approximately 24,800 customers and approximately 501,000 paying subscribers including Advanced Micro Devices (AMD), America Online (AOL), Avis/Budget Rent A Car (Cendant Rental Car Group), Dow Jones Newswires, Nokia, Polycom and SunTrust Banks. Any unreleased services or features referenced in this or other press releases or public statements are not currently available and may not be delivered on time or at all. Customers who purchase salesforce.com applications should make their purchase decisions based upon features that are currently available. Salesforce.com has headquarters in San Francisco, with offices in Europe and Asia, and trades on the New York Stock Exchange under the ticker symbol "CRM". For more information please visit <http://www.salesforce.com>, or call 1-800-NO-SOFTWARE.

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