

Xactly Corporation Delivers Winter '06 Xactly Incent On-Demand Sales Compensation Management Release

SAN JOSE, Calif. – February 14, 2006 – Xactly™ Corporation (www.xactlycorp.com), the fastest-growing on-demand sales compensation management company, today announced the general availability of the Winter '06 release of Xactly Incent™, a real-time, web-based application that enables companies to incent right and sell more.

Featuring enhanced support for multiple currencies, improved reporting flexibility and the ability to easily pay based on different relationships within the organization, Xactly's on-demand model automatically delivers these new features and associated benefits to all existing Xactly customers at no additional cost. Xactly Incent delivers the power and benefits of traditional enterprise level sales compensation management applications through an on-demand, automated approach at a fraction of the cost.

"Sales and finance executives at mid-market companies are quickly discovering that our automated on-demand approach to sales compensation— with implementations typically taking place in less than five days – can provide immediate ROI, add to top and bottom line revenue growth and positively change sales behavior," said Christopher W. Cabrera, Xactly founder, president and CEO. "Real-time web-based display of compensation data is the lever that the sales force can finally use to improve their performance immediately rather than whenever the spreadsheet gets updated. Using any spreadsheet-based solution to manage sales compensation ranks right up there with the manual typewriter and the telegraph."

"Managing sales compensation has always been a complicated task," said Denis Pombriant, managing principal of Beagle Research Group, LLC. "As products and product configurations get more complex, territories shift, and companies try to incentivize specific behaviors, compensation challenges mount to the point where traditional solutions like spreadsheets no longer provide an adequate remedy."

An added benefit, especially for all public companies, Xactly Incent can function as an internal process control over incentive compensation to help minimize the risk of non-compliance with Section 404 of the Sarbanes-Oxley Act of 2002 (SOX). Manual processes, such as spreadsheets, provide only a static point in time view into compensation and do not provide an archive or audit trail as changes are made to compensation as required by SOX.

Winter '06 Release Details

- **Enhanced Support for Multiple Currencies** – The new release enables companies to track payments not only in a person's payment currency but also in business group and business currencies for accounting purposes. For example, U.S.-based companies with sales operations around the world can pay commissions in a local currency but report them in a business group currency for accounting reviews.
- **Improved Reporting Flexibility** – When to communicate incentive information to the sales team is as critical as the compensation plan itself. Now in real-time or by a control publishing process, Xactly Incent's dynamically generated reports present information to the sales team.
- **Flexible Pay Based on Any Relationship** – Utilizing this new feature, companies will now have the ability to pay based on any relationship in the organization. For example, a company could pay a marketing person for year-over-year product growth for designing a product promotion or a channel person could be compensated for channel growth where they may not be directly involved in securing the final order.

Integration with CRM Applications

"While Salesforce.com has driven the on-demand CRM category with over 18,700 customers and 351,000 subscribers it has also opened the door for other on-demand application categories such as



sales compensation management," said Peter Goldmacher, financial analyst with SG Cowen & Co. "These companies will naturally look to leverage their Salesforce investment and look for synergies with other complementary on-demand applications such as Xactly Incent, especially if they can integrate with Salesforce."

Xactly Incent provides instant integration to customer relationship management applications such as Salesforce. For example, Xactly Incent's proprietary Incentive Estimator™ provides companies with the ability to run "what-if" scenarios based on Salesforce opportunities or estimated sales to calculate potential commission and bonus estimates and payments before, during and after a sale. From Xactly Incent, companies can quickly access the Salesforce opportunities of interest by using filters on information such as date and probability of closure.

Rules-Based, Multi-Tenant Architecture

Xactly Incent's multi-tenant architecture enables the sharing of all resources across multiple subscribers providing a highly robust and scalable solution and offering high availability with failover. The rules-based architecture gives companies the flexibility to easily create and manage any type of compensation plan including whether compensation is based on dollars sold, revenue bookings, meetings scheduled, call center response times, objective bonuses and much more.

Advanced Hosting and Data Security

Xactly uses the strongest encryption products to protect customer data and communications, including 128-bit VeriSign SSL Certification. Customer information is secured at a SAS 70, Type II certified telco-grade hosting facility that includes both electronic and physical security, from firewalls to guards, to prevent access from intruders. The facility features a network support infrastructure that provides an enterprise-class connectivity solution, including fully redundant routers utilizing HSRP, redundant core switches utilizing spanning tree, redundant distribution switches and firewall/VPN with failover.

About Xactly Corporation

Xactly Corporation delivers 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.

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