COX AUTOMOTIVE CURRENT STATE ASSESSMENT & FUTURE STATE PLANNING

WHITE PAPER

ABSTRACT

This Cox Automotive case study provides an overview of the steps, benefits, and outcomes of an Incentive Compensation Management (ICM) Assessment and Future State Planning project.

Xactly Strategic Services and OpenSymmetry co-delivered this project, including a complete review of the current sales compensation program (processes, resource and technology utilization) and a future program analysis. The analysis drove the development and execution of an action plan that would allow the Cox Automotive team to resolve current ICM challenges and take steps to improve their overall sales compensation effectiveness.

COMPANY BACKGROUND

Cox Automotive, a subsidiary of Cox Enterprises, is transforming the way the world buys, sells and owns cars with industry-leading digital marketing, retail, financial and wholesale solutions for consumers, dealers, manufacturers and the overall automotive ecosystem worldwide. The Cox Automotive family includes Autotrader®, Dealer.com®, Dealertrack®, Kelley Blue Book®, Manheim®, NextGear Capital®, vAuto®, VinSolutions®, Xtime®, incadea® and a host of other brands. With a complete and connected view of the automotive ecosystem, Cox Automotive is a global company connecting people, cars and capabilities with services that link the automotive value chain. Cox Automotive employs over 30,000 people in more than 100 countries around the globe. Cox Automotive registers nearly 7 million used vehicles annually and facilitates transactions representing almost $46 billion in value. Cox Automotive's global sales force of consists of over 1,000 employees with over 300 on variable compensation plans. Cox Automotive employs a dedicated Incentive Compensation Management (ICM) corporate team located in Atlanta to manage sales compensation administration and reporting. Cox Automotive automated their ICM program in 2014, utilizing Xactly Incent™ to manage their ICM processes and administration.

THE CASE FOR ICM EVOLUTION AT COX AUTOMOTIVE

While incentive compensation management (ICM) has always been a strategic initiative at Cox Automotive, the key drivers below recently increased the organization's focus on ICM:

- Incentive plan and quota management ranked highest on areas for improvement in a company survey

- After using Xactly to automate previously manual processes, COX was looking to optimize their ICM for maximum ROI

- Administration inefficiencies required Cox Automotive to find or create additional efficiencies that would increase performance productivity long-term

- Incentive compensation insights became critical for driving business growth through best practice plan design and performance analysis

KEY CHALLENGES WITH THE INITIAL ICM PROGRAM

- Integration had not been implemented between source system (SFDC) and Xactly, leading to time consuming manual data uploads and extensive reconciliation processes
- Inability to show transactional line item detail to sales group, leading to uncertainty in the accuracy of calculations
- Underutilized analytics reporting, commission estimation capability, and other end-user functionality was limiting the organization's ROI from the technology

STRATEGY ❯ EXECUTION

To overcome these challenges, Cox partnered with **Xactly Strategic Services and OpenSymmetry (OS)**, a leading implementation and managed services partner. Cox Automotive recognized the value that would come from having external ICM resources provide best practice insights on how to optimize and leverage Xactly technology to achieve future state goals.

The key activities of the Cox Automotive and **Xactly Strategic Services and OpenSymmetry partnership included:**

- Identifying process focus areas
- Prioritizing top initiatives
- Creating a project roadmap
- Completing execution of the roadmap

STRATEGY: CREATING THE PATH FOR SUCCESS

For the first step of the project, it was critical for Cox and Xactly to gain a thorough understanding of how Cox was utilizing the Xactly technology today, as well as an overview of Cox's ICM processes and resource utilization.

Xactly and OpenSymmetry (OS) consultants went onsite with the Cox ICM team for an in-depth workshop to formulate a strategy for successfully achieving future state goals. During this workshop, a current state assessment of Cox's ICM program was conducted to gauge where the technology was being best utilized and where opportunities for improvement existed.

Xactly and OS team also helped Cox Automotive **identify and articulate their future state**, assessing the desired end goals for the sales team and the Cox Automotive organization. Zeroing in on the ideal future state was critical to identifying the root causes of current problems as well as building a roadmap for change strategy and overall process improvement.

After the current state and intended future state were defined, Cox was presented with a detailed project roadmap that included risk and benefit analysis, effort, and timeline based on prioritized initiatives. This important project planning step level set project initiatives and identified the most strategic and cost-effective path for achieving the organization's goals. The Cox team also received guidance on how to best leverage Xactly functionalities to improve sales planning and eliminate administration inefficiencies.

To achieve future state success, the following were identified as the top actions to focus on:

- Improve data quality and complete SFDC data integration project to allow more timely, accurate data representation in Xactly
- Incorporate new functionality to increase end user adoption of the toolset
- Increase administration efficiency by eliminating duplicate work efforts related to data integrity
- Better utilize Xactly data to generate best in class plan designs analytics and performance analysis

EXECUTION: FROM ROADMAP TO FINISH LINE

The top focus areas needed a strategic focus due to the complex and challenging work required to fulfill each initiative. Cox wanted to ensure that ICM best practices continued while the **Xactly Strategic Services** team executed on their roadmap.

To ensure success, Cox worked with **OpenSymmetry consultants** to execute roadmap initiatives. **OpenSymmetry** consultants worked alongside the Cox Automotive team to ensure ICM best practices, top initiatives, and internal efforts were kept in mind throughout the project.

OpenSymmetry led the effort in executing the ICM Optimization project for Cox Automotive. The project had high visibility within the Cox Automotive organization and ensuring the desired future state was key for the organization's executive team. The effort to create internal process changes and overall a new change management strategy all while working through critical ICM challenges was sprawling, complex, and involved many participants from multiple internal teams.

To keep the project on track, OpenSymmetry **organized and led an all-hands meeting** with Cox executives, the ICM project management team, and all of Cox's relevant software partners, including Xactly. With several software vendors, it was crucial for OpenSymmetry to maintain a high-level view of all the software partners involved so that each piece of technology could be effectively integrated into the optimized ICM process. All partners and Cox participants agree that motivating sales reps to utilize the technology and leverage data outputs for strategic analysis.

OpenSymmetry then worked on a **change readiness assessment**, taking an in-depth analysis from data feeds to uncover the hidden challenges that existed with the current data integration structure, including:

- Gaps between forecasted results and actuals
- The impact of data silos
- The volume of data that needed cleansing and scrubbing each period

This analysis allowed Cox Automotive to identify the appropriate source data points and begin solving their data integrity challenges. This assessment determined that Xactly Connect™, a data integration and open API platform for creating and automating data integration with Xactly Incent's commissions processing, would be the best solution to reconfigure data feeds.

Xactly Connect's flexibility allowed Cox Automotive administrators, systems integrators, and the implementation team to control the full data extract, transform, and load (ETL) lifecycle for developing and managing Incent data integration processes. This produced a central repository of clean data to utilize for ICM calculations, processing, organizational ICM reporting and analysis.

After optimizing the data feed process, OpenSymmetry partnered with Xactly consultants once again for the **implementation** of additional initiatives identified during the first phase of the project. This included helping Cox Automotive change how they were processing their transactions from aggregate to line item calculations. The granularity and detail provided more transparency into the results for both sales and sales management. Xactly was further optimized to improve calculations, create new compensation rules and processing steps, and complete the implementation work for Xactly Connect.

RESULT: FROM CHAOS TO CLARITY

By working with Xactly Strategic Services and OpenSymmetry to identify and address top ICM program challenges, Cox Automotive was able to quickly recognize key benefits within their ICM program. Successes included:

- **Data Integration:** Successful SFDC data integration led to real-time visibility, faster commission processing time, 50+ hours saved per pay period in administration time, and easily self-auditable plan progress. The SFDC integration allows Cox Automotive to remain agile and easily adapt to change management as the organization continues to expand.

- **ICM Analytics:** With Xactly Analytics, analytics dashboards and BI capabilities are incorporated into the monthly ICM analysis. This analysis has proven invaluable to the organization, offering metrics that optimize performance management and drive plan design strategies. Xactly Analytics has also saved over 70 hours of administration time per pay period, eliminating delayed and manual reporting creation.

- **Xactly Optimizations:** Cox Automotive eliminated more than 25 hours per pay period of administrative work related to compiling, tracking, and auditing sales document. Up-to-date sales documentation coupled with a workflow approval process increased transparency and communication, putting an end to manual document tracking and dispute resolutions.
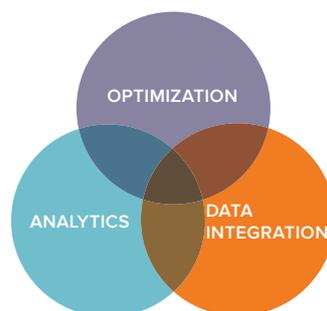
In total, Cox Automotive has freed up on more than **170 hours** of administration time per pay period previously dedicated to tactical ICM tasks through the optimization effort. That time is now being utilized for strategic initiatives, such as providing metrics, business insights, and plan design recommendations.

An improved end user experience has led to higher sales rep engagement. With the new SFDC integration, Sales teams are now leveraging the Xactly toolset on a daily basis. Inquiries surrounding plan documents are down. Overall, cleaner work streams, centralized processes, and clear ICM reporting has bolstered sales rep trust in the Xactly toolset and in the Cox Automotive ICM program.

WHAT LIES AHEAD

Cox Automotive shows no signs of slowing down their ICM optimization efforts. With top initiatives now accomplished, Cox is positioned to define what a best in class ICM administration program looks like. The automotive group hopes to partner with other Cox groups to share ICM best practices, create global standards, and influence process improvements. Cox looks forward to partnering with Xactly Strategic Services and OpenSymmetry in the future as the organization works towards its next set of ICM optimization goals.

> With the help of Xactly Strategic Services, we were able to better define our configuration requirements as well as create a future state roadmap that will allow us to continue to improve and elevate our sales compensation processes, enabling us to become a world class sales compensation company.
>
> *– Jessica Owen, Director of Incentive Compensation, Cox Automotive*

ABOUT XACTLY STRATEGIC SERVICES

Xactly Strategic Services is a consulting practice that combines best-in-class technology, incentive compensation expertise, and big data from Xactly Insights™ to help clients improve the effectiveness and efficiency of their incentive compensation program and the technology that supports their compensation administration processes. Our consulting engagements are designed to optimize clients' incentive processes, their use of the Xactly platform, and their sales compensation plans, allowing for a greater return on your incentive compensation investment.

If you are interested in learning more on how to optimize your ICM program and processes, please let your customer success representative know, or contact Xactly Strategic Services at stratservteam@xactlycorp.com.

ABOUT XACTLY

Xactly delivers the industry's leading enterprise platform for planning and incenting sales organizations. Using Xactly's powerful sales performance management (SPM) portfolio, including sales quota and territory planning, incentive compensation management, and predictive analytics, and its world-class services---companies mitigate risk, increase sales performance, and gain the agility to navigate change. Together with Xactly Insights,TM, the industry's only empirical big data platform, Xactly uses industry benchmarking data to provide live compensation insights to maximize bottom line . Born in the cloud, Xactly integrates with all the major CRM, ERP and HCM applications through standards-based APIs and maintains the highest enterprise standards in security, availability and privacy.

ABOUT OPENSYMMETRY

OpenSymmetry is the world's largest independent consulting company specializing in the implementation of SPM solutions. We have helped over 500 organizations plan for, select, deploy, and benefit from technology supplied by the industry's leading vendors, resulting in reduced costs, increased revenues, greater visibility and lower risk.