

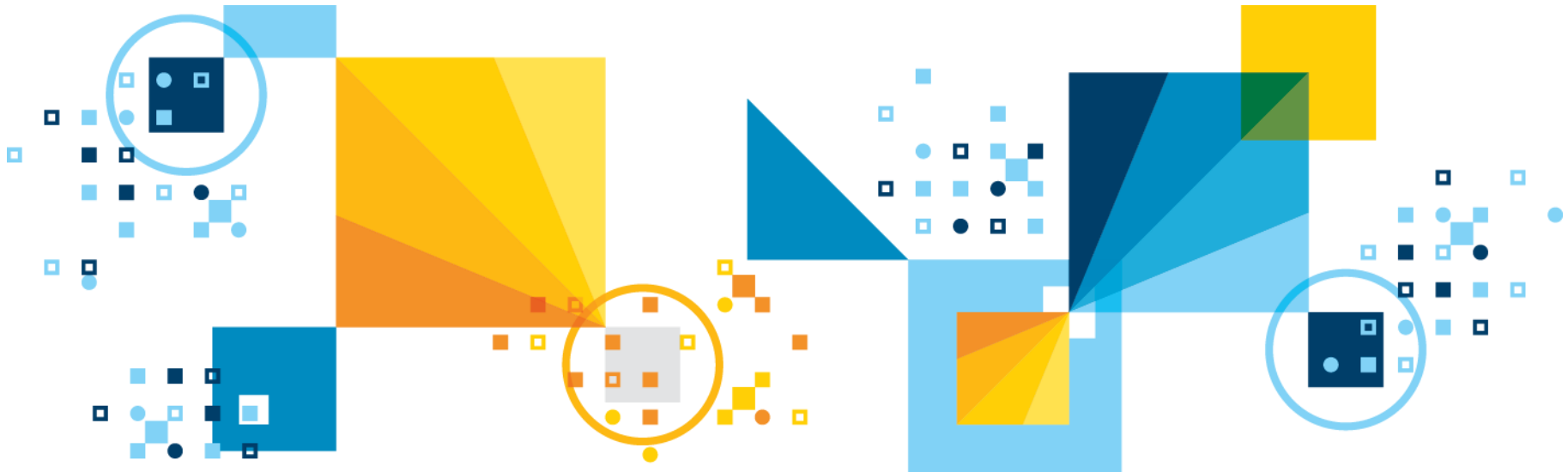
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Date 11th June 2014

Incentive Compensation Management

Driving alignment, governance and efficiencies with Cognos ICM



Today's Focus Points

- 1 Business Alignment**   Align Incentive Programs with Strategy and Corporate Objectives
- 2 Program Governance**   Deliver Transparency, Trust and Fairness as well as Control and Audit Trail
- 3 Process Automation**   Replace Manual, Labour Intensive, and Error Prone Spreadsheet processes

The Business Problem

Internal and External pressures are driving the need to review systems and processes

Need for increased operational efficiency and accuracy

- Avoid error-prone, spreadsheet-based processes
- Reduce overpayments
- Shorten cycle times

Pressure to reduce risk and comply with legislation

- Help meet internal audit requirements
- Address incentive-oversight regulations (e.g. Financial Conduct Authority)



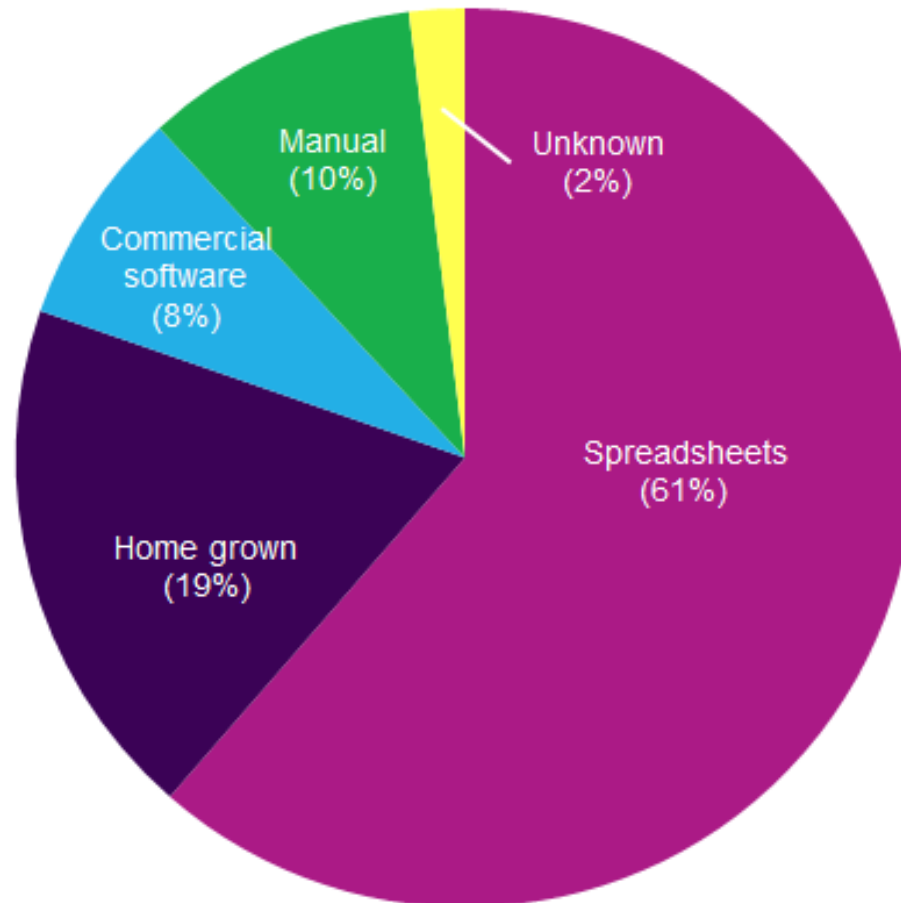
Imperative to drive sales channel effectiveness

- Provide more selling time to sellers
- Help ensure that sellers and managers have visibility

Need for evolving go-to-market models to be competitive

- Respond quickly to changing marketplace dynamics
- Deploy more-sophisticated sales coverage models

How are Incentive Schemes typically managed today?

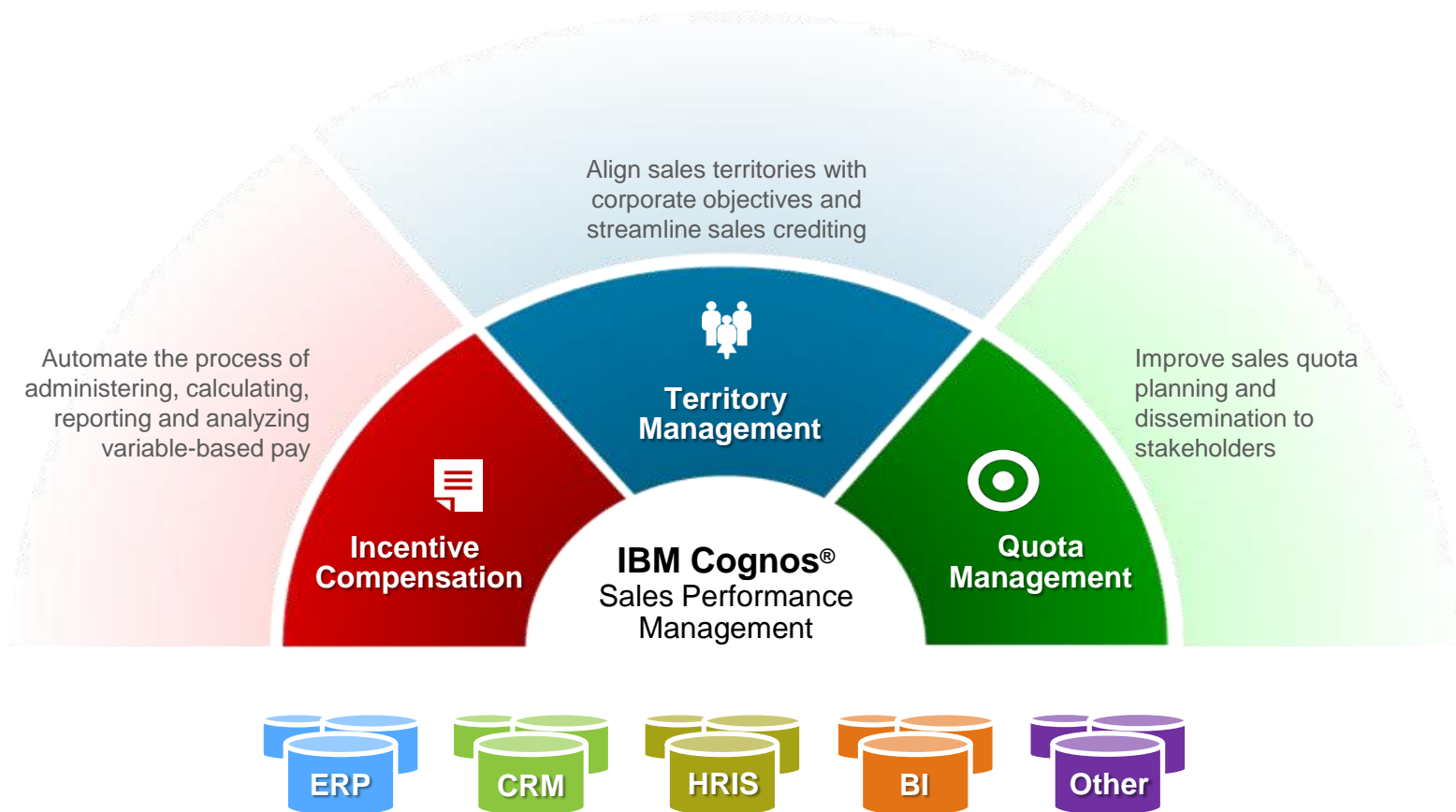


CSO Insights - 2012 Sales Compensation & Performance Management, Key Trends Analysis

The Cognos ICM Solution Overview

Optimises and rationalises Variable Pay and Incentive Programs by:-

- Automating manual, labour intensive, time constrained & consuming processes
- Replacing spreadsheets or inflexible legacy systems & processes
- Standardising and automating complex & time consuming data integrations



A set of solutions that address the pain points of several constituents

1 **Workforce**  

- Plan Documentation and self-calculator tools
- Performance and Earnings
- Handling inquiries and errors

2 **Management & Executives**  

- Team Performance
- Sales Effectiveness
- Process Review/Approvals

3 **Sales Operations & Comp Admins**  

- Easy to use and administer
- Effective Reporting and Analysis
- Speed of Processing and Modelling

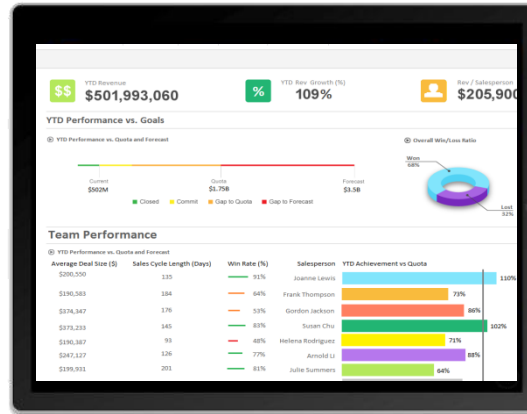
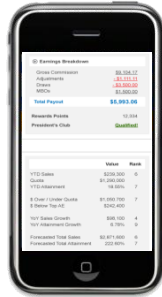
4 **Finance & Human Resources**  

- Governance and auditability
- Accounting and Accruals
- Scheme Fairness and Transparency

Mobile Ready, On Cloud or On Premise



Cloud



On Premise



The Business Case Benefits

Automate the process of administering, calculating, reporting and analyzing variable-based pay programs



The Business Case Corroborated

Improvements in processes can represent significant benefit and ROI

Increased sales
results

5–10%

“Enterprises will miss the equivalent of 5 to 10 percent of annual sales as lost opportunities which could have been captured by improving the management of overall SPM.”¹

Reduced staffing to
manage compensation

>50%

Organizations adopting incentive compensation management technologies reduce IT/administration staff involved in sales compensation by more than 50 percent.²

Improved accuracy
of payments

>90%

Sales incentive compensation management software can reduce errors (for example, commission overpayments) by more than 90 percent.³

¹ Gartner Customer 360 Summit, *Using Sales Performance Management to Significantly Increase Revenue*, Patrick Stakenas, May 2013.

^{2,3} Gartner, *MarketScope for Sales Incentive Compensation Management*, Michael Dunne, March 5, 2010.



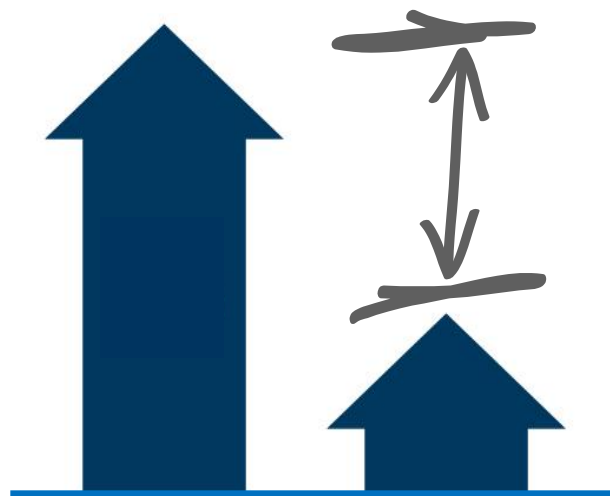
16 Spreadsheets that previously needed to be manipulated for a comp plan change prior to implementing IBM SPM

< Digital media content provider >



60% Reduction in payout inquiries **after**
implementing IBM SPM

< **Software as a Service provider** >



Payout process reduced from
2 weeks to **2** days

< Financial transaction processing firm >



10,000

Man hours per month reduced in administering the incentive compensation program using IBM SPM

< **Waste management services** >

Demonstration



Employees
with Variable
Pay Plan



Management &
Executives



Sales
Operations/
Comp Administrators



Finance /
Human
Resources

A set of solutions that address the pain points of several constituents

-
- 1
Workforce

 - How does my compensation plan work?
 - How much can I make?
 - If something is wrong on my commission/pay statement how can it get it fixed quickly?

 - 2
Management & Executives

 - Are the comp plans working?
 - Which people I should focus my energy on?
 - How should I divide up our revenue plan into sales quotas?

 - 3
Sales Operations & Comp Admins

 - The process is complex and time consuming
 - Modifying the compensation structure is difficult
 - There is no way to simulate the impact of changes
 - Management is asking for better reporting

 - 4
Finance & Human Resources

 - Need better governance and auditability
 - How much future compensation payout should I accrue for?
 - Am I in compliance with regulatory and other controls?
 - Are our sales employees being compensated fairly

Product Video – Cognos Incentive Compensation Management



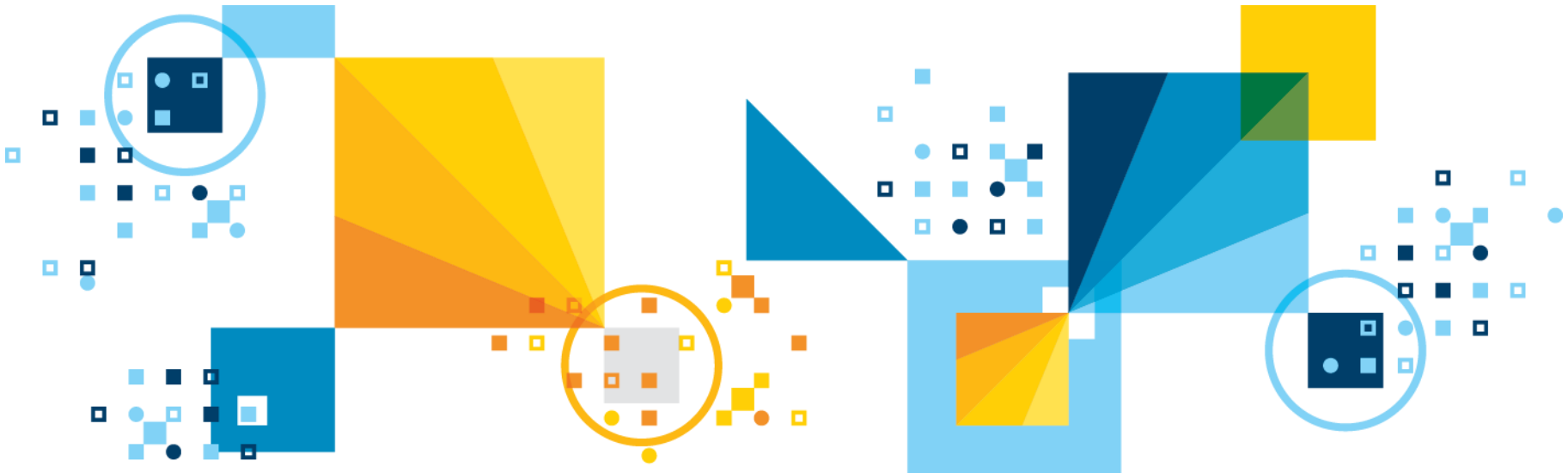
http://www.youtube.com/watch?feature=player_detailpage&v=aKN0J3BgdWo&list=PL9A0219D26EAD1D8B
<http://www.youtube.com/watch?v=ZKynGvQZLtg>

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Thank You – Questions?



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