

Incentive Compensation Management Buyers Guide

Software Provider and Product Assessment



***ISG** Research



Incentive Compensation Management

For almost 20 years, the annual planning exercise at most enterprises has included determining how the sales organization will address the coming year's incentive plans. The practice of designing and developing plans as well as crediting sales and computing compensation is known as Incentive Compensation Management. Distinct from more typical forms of remuneration based on annual reviews, this payment is the primary compensation for sales teams, where commissions are based on the sales for which they were responsible.

Simple notions of a percentage of sales paid as commission have expanded to include more complex ideas of thresholds and triggers for reaching sales targets. Newer business models such as subscriptions and usage-based pricing that impact the contract lifetime value have increased payment complexity—for example, the need to consider when revenue is recognized under rules such as ASC 606. In addition, incentive compensation often reaches beyond the sales team as more members of an enterprise become involved with revenue—such as those charged with ensuring contract renewals. These factors add to the complexity of plan designs, requiring approaches beyond typical spreadsheet interfaces.

Poorly designed incentive plans fail to achieve business objectives. Inaccurate crediting and compensation calculations become potential flash points, undermining the confidence of key workers. Lack of insight into potential liabilities can provide unwelcome surprises to the CFO's team. To support these strategically important incentive plans, enterprises are discovering that simple spreadsheets are increasingly proving an impediment to growth. Likewise, homegrown systems are often unwieldy and rely on IT and technical staff to make plan changes.



To support these strategically important incentive plans, enterprises are discovering that relying on simple spreadsheet models are increasingly proving an impediment to growth.

ISG Research defines incentive compensation management (ICM) as a coordinated set of activities, processes and systems that enable enterprises to both design and plan incentive compensation, credit and compute commissions and payments and to monitor and adjust in to achieve customer, product and sales targets.

To provide more robust and adaptable systems, specialist software providers offer dedicated applications designed to enable the complete process from incentive compensation plan design to crediting sales and computing compensation. These systems control costs that are a substantial expense line on the income statement, highlighting the need for sometimes daily



computation of accrued compensation and the projection of liabilities based on sales and revenue opportunity forecasts.

Some software providers offer a selection of preconfigured incentive compensation methods. Others provide a natural language interface for plan designers to describe the incentive idea and have the system generate the necessary code. Some offer “what if” and simulation capabilities that enable the a priori of testing and evaluation of plan options before publishing and operationalizing. Finally, the use of artificial intelligence to optimize plan design based on the desired outcome is on several providers’ roadmaps. All the providers featured in this report enable plan design and changes by domain experts without the need for IT support. Once plans are defined, most applications support dissemination and publishing capabilities that seek approval from senior leadership and sign-up from affected workers.

When it comes to computing commissions and payouts, ICM applications need to support a variety of data sources, both as the base for computing compensation and defining who shares in the compensation. As the adage says, *selling is a team sport*, so, for many enterprises, the compensation due from a sale could be shared between product and technical overlay specialists as well as regional representatives on larger, cross-country deals. This process of crediting requires the ICM system to derive relevant data from customer relationship management systems, where opportunity and deal ownership data resides. However, the relevant final booked amount data is typically found in order or enterprise resource planning applications, as the value recorded in the opportunity is often different from the final booked value, and the order with relevant pricing and product information is attached as a .pdf. Payout information is typically circulated for approval prior to submission to a payroll system for disbursement.

Integration options vary, with older, internally developed systems exchanging data through flat file loading. This may suffice for batch-type processing at the end of an accounting period—such as month-end. Otherwise, continuous computation is necessary for visibility and efficiency. As the total incentive compensation represents a significant expense on the income statement, many CFOs and finance leaders require visibility into the accrued liability of compensation payouts on a daily or weekly basis—especially where high-velocity or inside sales teams receive transaction-based incentive compensation. This requires direct access to source data via an application programming interface or a specific connector.

For through processing, this approach can facilitate the re-fetching of data if the process needs to be rerun. Likewise, as an output, computed payouts must be sent to the payroll system or whatever is used to pay workers. Many of today’s sales engagement and CRM systems provide the ability to link incentive compensation plans to opportunities so those responsible can see the potential compensation from a particular deal. On a more aggregate level, sales forecasts based on the pipeline of opportunities can give a forward projection of potential compensation expense liability.



Successful incentive compensation plans influence behavior to achieve desired outcomes. Analytics and data from operations and planning enable continuous analysis of results against incentives. To optimize performance, operations and leadership need tools to help assess the relationship between plans, targets and actual performance. Comparing compensation and incentive plans among all revenue personnel and with other parts of the organization, for example, can help managers determine whether what they provide is appropriate. Goals and objectives must be defined, established, tracked and linked to incentives and rewards to help guide revenue performance.

Enterprises must also understand whether the compensation plan is competitive in the market, using benchmarks to compare to others in the industry. The increasing complexity of omnichannel engagement challenges organizations to develop plans that achieve balanced revenue performance supporting overall objectives. Emerging AI-based optimization increasingly offers more sophisticated guidance in designing incentive plans that reflect omnichannel buyer engagement. In fact, we assert that through 2026, software providers will be utilizing AI to provide plan templates and optimization to speed time-to-value and help enterprises deploy performance plans using best practices.

Many enterprises still rely on existing, home-grown custom systems or spreadsheets to manage incentive compensation. We strongly believe these approaches are problematic when trying to achieve optimal outcomes. Custom systems are often heavily reliant on internal IT to incorporate changes or create additional reports. As the need for enterprises to become more agile in response to changing market conditions, inflexible custom systems are often incapable of adapting at the speeds necessary.

Spreadsheets are not designed to be able to manage the volume of data from newer revenue channels or the varying types of buying and selling channels used to assess the success of goals and targets. Spreadsheets also cannot scale as a company grows. The use of multiple spreadsheets, often stored on users' local drives, is a factor in producing scattered information, which most enterprises cite as a major impediment to managing revenue performance. This also makes it hard for organizations to analyze the performance of incentives and refine them based on actual results during the year.

Revenue Performance Management

Market Assertion

Through 2026, software providers will be utilizing AI to provide plan templates and optimization to both speed time-to-value and help enterprises deploy performance plans using best practices.

Stephen Hurrell

Director of Research, Office of Revenue



ISG Research



The next generation of revenue and sales leaders will need to focus on creating processes that generate and project predictable revenues. Incentive management systems should deliver functionality and support that enable enterprises to plan for and optimize revenue



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growth across all relevant teams and channels. In today's fast-paced and dynamic business environment, the ability to react to changes on the ground with one-off SPIFFs and adjustments to incentives requires access to responsive applications by non-IT administrators and subject matter experts. Additionally, the importance of aligning marketing, sales, operations, finance and HR means that ICM applications must easily integrate and communicate with other core systems such as ERP, accounting, HR and CRM systems.

Our comprehensive evaluation of providers takes into consideration all the preceding characteristics needed for a revenue performance approach. Our Buyers Guide report is relevant to those organizations using a revenue performance approach or investigating one.

The ISG Buyers Guide™ for Incentive Compensation Management evaluates products based on incentive compensation design, planning and execution, ease of integration with third-party systems and the use of data and analytics to identify process improvements. The evaluation identifies capabilities that enable organizations to plan for and execute against objectives by aligning and incentivizing all those involved in supporting revenue and identifying ways to continually improve.

This research evaluates the following software providers that offer products to address key elements of ICM as we define it: Akeron, Anaplan, Beqom, Board International, CaptivateIQ, Everstage, Forma.AI, Jedox, Oracle, Performio, Pigment, Salesforce, SAP, Varicent Software and Xactly.



Buyers Guide Overview

For over two decades, ISG Research has conducted market research in a spectrum of areas across business applications, tools and technologies. We have designed the Buyers Guide to provide a balanced perspective of software providers and products that is rooted in an understanding of the business requirements in any enterprise. Utilization of our research



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methodology and decades of experience enables our Buyers Guide to be an effective method to assess and select software providers and products. The findings of this research undertaking contribute to our comprehensive approach to rating software providers in a manner that is based on the assessments completed by an enterprise.

The ISG Buyers Guide™ for Incentive Compensation Management is the distillation of over a year of market and product research efforts. It is an assessment of how well software providers' offerings address enterprises' requirements for incentive compensation management software. The index is structured to support a request for information (RFI) that could be used in the request for proposal (RFP) process by incorporating all criteria needed to evaluate, select, utilize and maintain relationships with software providers. An effective product and customer experience with a provider can ensure the best long-term relationship and value achieved from a resource and financial investment.

In this Buyers Guide, ISG Research evaluates the software in seven key categories that are weighted to reflect buyers' needs based on our expertise and research. Five are product-experience related: Adaptability, Capability, Manageability, Reliability, and Usability. In addition, we consider two customer-experience categories: Validation, and Total Cost of Ownership/Return on Investment (TCO/ROI). To assess functionality, one of the components of Capability, we applied the ISG Research Value Index methodology and blueprint, which links the personas and processes for incentive compensation management to an enterprise's requirements.

The structure of the research reflects our understanding that the effective evaluation of software providers and products involves far more than just examining product features, potential revenue or customers generated from a provider's marketing and sales efforts. We believe it is important to take a comprehensive, research-based approach, since making the wrong choice of incentive compensation management technology can raise the total cost of ownership, lower the return on investment and hamper an enterprise's ability to reach its full performance potential. In addition, this approach can reduce the project's development and



deployment time and eliminate the risk of relying on a short list of software providers that does not represent a best fit for your enterprise.

ISG Research believes that an objective review of software providers and products is a critical business strategy for the adoption and implementation of incentive compensation management software and applications. An enterprise's review should include a thorough analysis of both what is possible and what is relevant. We urge enterprises to do a thorough job of evaluating incentive compensation management systems and tools and offer this Buyers Guide as both the results of our in-depth analysis of these providers and as an evaluation methodology.



How To Use This Buyers Guide

Evaluating Software Providers: The Process

We recommend using the Buyers Guide to assess and evaluate new or existing software providers for your enterprise. The market research can be used as an evaluation framework to establish a formal request for information from providers on products and customer experience and will shorten the cycle time when creating an RFI. The steps listed below provide a process that can facilitate best possible outcomes.

1. Define the business case and goals.
Define the mission and business case for investment and the expected outcomes from your organizational and technological efforts.
2. Specify the business needs.
Defining the business requirements helps identify what specific capabilities are required with respect to people, processes, information and technology.
3. Assess the required roles and responsibilities.
Identify the individuals required for success at every level of the enterprise from executives to frontline workers and determine the needs of each.
4. Outline the project's critical path.
What needs to be done, in what order and who will do it? This outline should make clear the prior dependencies at each step of the project plan.
5. Ascertain the technology approach.
Determine the business and technology approach that most closely aligns to your enterprise's requirements.
6. Establish software provider evaluation criteria.
Utilize the product experience: Adaptability, Capability, Manageability, Reliability and Usability, and the customer experience in TCO/ROI and Validation.
7. Evaluate and select the technology properly.
Weight the categories in the technology evaluation criteria to reflect your enterprise's priorities to determine the short list of software providers and products.
8. Establish the business initiative team to start the project.
Identify who will lead the project and the members of the team needed to plan and execute it with timelines, priorities and resources.



The Findings

All of the products we evaluated are feature-rich, but not all the capabilities offered by a software provider are equally valuable to types of workers or support everything needed to manage products on a continuous basis. Moreover, the existence of too many capabilities may be a negative factor for an enterprise if it introduces unnecessary complexity. Nonetheless, you may decide that a larger number of features in the product is a plus, especially if some of them match your enterprise’s established practices or support an initiative that is driving the purchase of new software.

Factors beyond features and functions or software provider assessments may become a deciding factor. For example, an enterprise may face budget constraints such that the TCO evaluation can tip the balance to one provider or another. This is where the Value Index methodology and the appropriate category weighting can be applied to determine the best fit of software providers and products to your specific needs.

Overall Scoring of Software Providers Across Categories

The research finds Oracle atop the list, followed by Anaplan and Xactly. Providers that place in the top three of a category earn the designation of Leader. Oracle has done so in seven categories, Anaplan in six, Salesforce in four, Xactly in two and Board, Forma.ai and Varicent in one category.

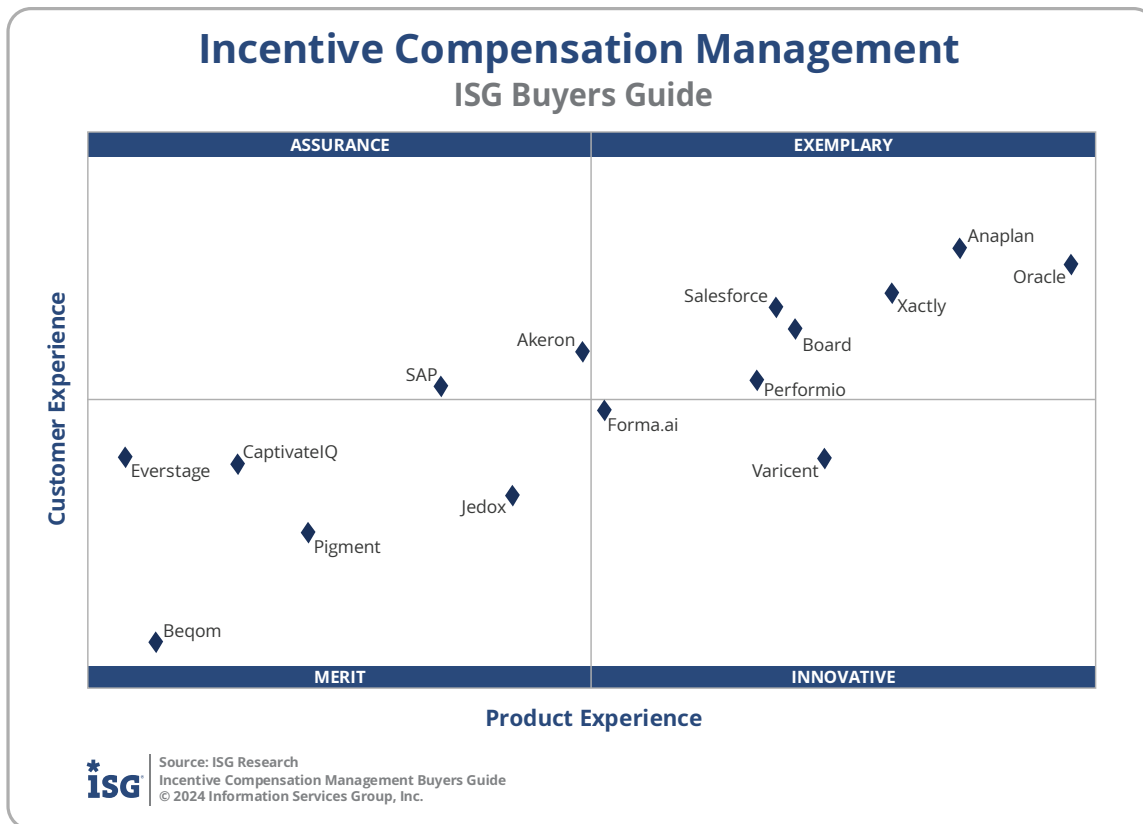
The overall representation of the research below places the rating of the Product Experience and Customer Experience on the x and y axes, respectively, to provide a visual representation and classification of the software providers. Those providers whose Product Experience have a higher weighted performance to the axis in aggregate of the five product categories place farther to the right, while the performance and weighting for the two Customer Experience categories determines placement on the vertical axis. In short, software providers that place closer to the upper-right on this chart performed better than those closer to the lower-left.

Incentive Compensation Mgmt. Overall

Providers	Grade	Performance
Oracle	A-	Leader 86.1%
Anaplan	A-	Leader 84.7%
Xactly	B++	Leader 80.2%
Salesforce	B++	79.9%
Board	B++	79.8%
Performio	B++	76.8%
Varicent	B+	73.6%
Forma.ai	B+	72.8%
Akeron	B+	72.7%
SAP	B+	69.3%
Jedox	B+	69.0%
Pigment	B	63.7%
CaptivateIQ	B-	62.0%
Everstage	B-	59.3%
Beqom	C++	53.8%

Source: ISG Research
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The research places software providers into one of four overall categories: Assurance, Exemplary, Merit or Innovative. This representation classifies providers’ overall weighted performance.



Exemplary: The categorization and placement of software providers in Exemplary (upper right) represent those that performed the best in meeting the overall Product and Customer Experience requirements. The providers rated Exemplary are: Anaplan, Board, Oracle, Performio, Salesforce and Xactly.

Innovative: The categorization and placement of software providers in Innovative (lower right) represent those that performed the best in meeting the overall Product Experience requirements but did not achieve the highest levels of requirements in Customer Experience. The providers rated Innovative are: Formai and Varicent.

Assurance: The categorization and placement of software providers in Assurance (upper left) represent those that achieved the highest levels in the overall Customer Experience requirements but did not achieve the highest levels of Product Experience. The providers rated Assurance are: Akeron and SAP.

Merit: The categorization of software providers in Merit (lower left) represents those that did not exceed the median of performance in Customer or Product Experience or surpass the threshold for the other three categories. The providers rated Merit are: Beqom, CaptivatelQ, Everstage, Jedox and Pigment.

We warn that close provider placement proximity should not be taken to imply that the packages evaluated are functionally identical or equally well suited for use by every enterprise



or for a specific process. Although there is a high degree of commonality in how enterprises handle incentive compensation management, there are many idiosyncrasies and differences in how they do these functions that can make one software provider's offering a better fit than another's for a particular enterprise's needs.

We advise enterprises to assess and evaluate software providers based on organizational requirements and use this research as a supplement to internal evaluation of a provider and products.



Product Experience

The process of researching products to address an enterprise’s needs should be comprehensive. Our Value Index methodology examines Product Experience and how it aligns with an enterprise’s life cycle of onboarding, configuration, operations, usage and maintenance. Too often, software providers are not evaluated for the entirety of the product; instead, they are evaluated on market execution and vision of the future, which are flawed since they do not represent an enterprise’s requirements but how the provider operates. As more software providers orient to a complete product experience, evaluations will be more robust.

The research results in Product Experience are ranked at 80%, or four-fifths, of the overall rating using the specific underlying weighted category performance. Importance was placed on the categories as follows: Usability (15%), Capability (25%), Reliability (10%), Adaptability (15%) and Manageability (15%). This weighting impacted the resulting overall ratings in this research. Oracle, Anaplan and Xactly were designated Product Experience Leaders.

Incentive Compensation Mgmt. Product Experience

Providers	Grade	Performance
Oracle	A-	Leader 68.4%
Anaplan	A-	Leader 65.5%
Xactly	B++	Leader 63.7%
Varicent	B++	62.0%
Board	B++	61.2%
Salesforce	B++	60.8%
Performio	B++	60.3%
Forma.ai	B+	57.0%
Akeron	B+	56.6%
Jedox	B	54.0%
SAP	B	52.1%
Pigment	B-	48.6%
CaptivateIQ	B-	46.9%
Beqom	C++	44.7%
Everstage	C++	43.9%

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Customer Experience

The importance of a customer relationship with a software provider is essential to the actual success of the products and technology. The advancement of the Customer Experience and the entire life cycle an enterprise has with its software provider is critical for ensuring satisfaction in working with that provider. Technology providers that have chief customer officers are more likely to have greater investments in the customer relationship and focus more on their success. These leaders also need to take responsibility for ensuring this commitment is made abundantly clear on the website and in the buying process and customer journey.

The research results in Customer Experience are ranked at 20%, or one-fifth, using the specific underlying weighted category performance as it relates to the framework of commitment and value to the software provider-customer relationship. The two evaluation categories are Validation (10%) and TCO/ROI (10%), which are weighted to represent their importance to the overall research.

The software providers that evaluated the highest overall in the aggregated and weighted Customer Experience categories are Anaplan, Oracle and Xactly. These category leaders best communicate commitment and dedication to customer needs. Software providers that did not perform well in this category were unable to provide sufficient customer case studies to demonstrate success or articulate their commitment to customer experience and an enterprise's journey. The selection of a software provider means a continuous investment by the enterprise, so a holistic evaluation must include examination of how they support their customer experience.

Incentive Compensation Mgmt. Customer Experience

Providers	Grade	Performance
Anaplan	A	Leader 18.1%
Oracle	A	Leader 17.7%
Xactly	A-	Leader 17.1%
Salesforce	A-	16.7%
Board	A-	16.3%
Akeron	B++	15.8%
Performio	B++	15.2%
SAP	B+	15.0%
Forma.ai	B+	14.7%
Everstage	B	13.6%
Varicent	B	13.5%
CaptivateIQ	B	13.3%
Jedox	B	12.7%
Pigment	B-	11.9%
Beqom	C+	9.5%

ISG Source: ISG Research
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Appendix: Software Provider Inclusion

For inclusion in the ISG Buyers Guide™ for Incentive Compensation Management in 2024, a software provider must be in good standing financially and ethically, have at least \$10 million in annual or projected revenue verified using independent sources, sell products and provide support on at least two continents and have at least 50 customers. The principal source of the relevant business unit's revenue must be software-related, and there must have been at least one major software release in the past 12 months.

The provider must offer products that support the incentive compensation management processes and at least four of the functional areas evaluated:

- a. Incentive and variable compensation planning
- b. ICM crediting
- c. Payments
- d. Dispute resolution
- e. Incentive liability forecasting
- f. Insights and reporting

The research is designed to be independent of the specifics of software provider packaging and pricing. To represent the real-world environment in which businesses operate, we include providers that offer suites or packages of products that may include relevant individual modules or applications. If a software provider is actively marketing, selling and developing a product for the general market and it is reflected on the provider's website that the product is within the scope of the research, that provider is automatically evaluated for inclusion.

All software providers that offer relevant incentive compensation management products and meet the inclusion requirements were invited to participate in the evaluation process at no cost to them.

Software providers that meet our inclusion criteria but did not completely participate in our Buyers Guide were assessed solely on publicly available information. As this could have a significant impact on classification and ratings, we recommend additional scrutiny when evaluating those providers.



Products Evaluated

Provider	Product Names	Version	Release Month/Year
Akeron	Vulki	N/A	August 2024
Anaplan	Anaplan	N/A	August 2024
Beqom	Sales Performance Management	N/A	August 2024
Board	Board	14.1	August 2024
CaptivateIQ	CaptivateIQ Incentives	N/A	June 2024
Everstage	Incentive Compensation Management	N/A	July 2024
Forma.ai	Forma.ai	8.02	August 2024
Jedox	Jedox Sales Performance Management	2024.2	August 2024
Oracle	Oracle Incentive Compensation	24C	August 2024
Performio	Performio	7.4	August 2024
Pigment	Pigment AI	N/A	August 2024
Salesforce	Salesforce Incentive Compensation Management	Summer '24	June 2024
SAP	SAP SuccessFactors Incentive Management	1H 2024	July 2024
Varicent	Varicent Incentives, Seller Insights	2024.1	July 2024
Xactly	Xactly Incent	Aug '24	August 2024



Providers of Promise

We did not include software providers that, as a result of our research and analysis, did not satisfy the criteria for inclusion in this Buyers Guide. These are listed below as “Providers of Promise.”

Provider	Product	Revenue	Customers	Geography	Capability
Infinity	Onestream Infinity	No	No	Yes	Yes
Compass.ai	Compass	No	Yes	Yes	Yes
Quotapath	Quotapath	No	Yes	Yes	Yes
ElevateHQ	ElevateHQ	No	No	Yes	Yes
Cellarstone	QCommission	No	Yes	Yes	No



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