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IS THERE A DIFFERENCE BETWEEN SMB/COMMERCIAL & ENTERPRISE SPM PLATFORMS?

There are a multitude of Sales Performance Management (SPM) solutions on the market with varying degrees of capabilities. Understanding the differences between what some consider SMB/Commercial grade solutions and enterprise solutions will be critical when it comes time to select your application.

WHAT IS THE DIFFERENCE BETWEEN SMB/COMMERCIAL AND ENTERPRISE SPM PLATFORMS?

Companies are typically classified by their revenue, employee size, or the number of customers. Small businesses have fewer than 100 employees and less than $50 million in revenue while medium-sized businesses have less than 1,000 employees and less than $1 billion. Large enterprises are substantially bigger, both in employee size and revenue.

However, employees and revenue metrics do not accurately reflect the needs of software users. When considering an SPM application, companies should instead focus on; the number of payees, data management complexity, the level of sophistication regarding their crediting and compensation plans, and lastly, their reporting/analytics requirements.

The market perception is that SMB organizations can use less sophisticated applications without the need for customization. Likewise, the perception is also that enterprise-sized companies will require more sophisticated solutions due to the size of their organization or simply that they have a high number of people on sales compensation plans.

But are those perceptions accurate?

Even the smallest organizations may require enterprise-level applications to support their current and future organizational structure. Conversely, large companies may have already streamlined their operations or may choose to build in-house instead of buying a vendor application. Understanding the size of an organization should not be the driving factor when looking at solutions.

The content provided below is designed to showcase specific areas where solutions may differ as it relates to their capabilities in meeting the needs of a complex SPM program vs. a program that is more straightforward. Simply put, in this space it can be difficult to tell which systems were designed to support what we may consider an enterprise sales compensation program and those that may not and as such, this paper will attempt to call out specific components that an SPM team will need to consider when bringing vendors in to be evaluated.

Complex Crediting: Solutions vary greatly in their ability to handle complex crediting and this should be a consideration when looking for a solution to meet your company's needs. As an example, a company that needs to credit more than 10 payees for a single transaction, or the credits have a more complex rule logic, will want to leverage real life scenarios during the product demos. Given the potential coverage gaps, less sophisticated solutions may require the crediting logic to be handled outside of the solution or necessitate the introduction of custom code to try and meet the client needs. Either case is considered less than ideal. It will more than likely require the administrative team to work in a less than ideal situation and may incur additional expenses if changes to the credit logic are required on an ongoing basis.

Volume Processing (transactions & credits): Most of today's solutions are able to manage reasonably large amounts of transactions when processing incentive compensation (e.g. 100k's of transactions per payroll); however, systems tend to differ when clients are looking to process multiples of this and then potentially multiply this again by the number of credits being generated by a single transaction. Then to make matters more complex, companies will at times need to re-process prior periods. As some of the SPM systems are unable to handle large transaction counts in a timely manner, they will often recommend workarounds by moving crediting outside of the system or completing some level of aggregation before loading the data into the system for calculation processing. Similar to the workarounds for complex crediting, this is not ideal and tends to create additional processes and challenges.

Multiple Business Unit Limitations: Even the smallest firms can have multiple domestic and international business units. Your SPM system should be able to support all business units and global entities in a single SPM instance, but current limitations including data segmentation, process coordination, and security access can cause challenges for less sophisticated applications. As a result, companies (regardless of their size) may need to pull these requirements into their evaluation to ensure the solution will meet their needs on a global level. Companies that don't do this may end up having to purchase and maintain multiple instances of their SPM solution, limiting their ability to consolidate data or having to find workarounds when language capabilities don't support local payees and administrators. One overarching challenge resulting from a system that does not provide true global coverage is that it will hinder a team's ability to develop and implement a coordinated set of processes and controls in support of a best of breed SPM program.

Reporting and Analytics: Unfortunately, SPM systems vary greatly in their ability to meet clients' needs when it comes to analytics and more advanced reporting. There are a wide range of capabilities between solution providers in the SPM space. Often it is the more sophisticated clients (or clients with more advanced reporting needs) that end up seeing challenges in getting what they need from a vendor's solution. Common issues with some of the vendors is their ability to access data from the system to either develop analytics dashboards within the tool itself and/or export the data so that it can be used by an external platform. Another issue created by some of the systems relates directly to the management of the reports and dashboards. While some of the solutions can be configured to meet clients' needs, the level of expertise needed to maintain these systems can end up being much more extensive than initially expected. Reporting and analytics are often one of the key drivers of SPM investments, so we recommend companies ensure enough time to evaluate the vendor capabilities when the requirements are more sophisticated in nature than one will find with a larger sales organization with greater complexities.

Payee Record Continuity: Some solutions are limited when it comes to management of multiple payee profiles. As an example, if a payee is attached to multiple plans at one time (e.g. transferring between roles with overlapping periods), some solutions require the administrators to maintain additional payee profiles for a

single sales rep causing additional management needs and further causing the payee to have to log into the system as a different user to see their reports. While managing through workarounds can be accomplished, this tends to be a significant problem for larger organizations with thousands of payees and/or consistent changes within the sales hierarchy.

Calendar Setup: Calendar setup can be challenging in some applications, as they may have a restricted or limited ability to support unconventional or multiple calendars within an organization. Larger or more complex organizations typically need to credit different groups of payees on different schedules (including monthly, quarterly, or annual frequencies). A system that won't allow this via out-of-the-box configuration will create significant challenges for the SPM administrators from an ongoing management standpoint. While there are workarounds, some systems may require custom objects when building and maintaining, and/or developing additional crediting rules and environments so you can support different payout frequencies.

Multiple Sales Hierarchies: Smaller organizations may only require a single hierarchy for managing both credit roll-ups and reporting. That said, larger or more complex sales organizations may employ disparate hierarchies for both reporting and crediting (to support channels and cross-selling) and as a result may find less flexible solutions extremely limited in their ability to meet their needs. Another potential challenge may arise if you need to import product hierarchies to help drive crediting logic and should be considered if this is an integral part of your program. If your organization expects to use more than one hierarchy, make sure this requirement can be met (out-of-the-box) by your selected vendor. The workarounds are not worth the headache.

WHEN YOU NEED SPM ENTERPRISE CAPABILITIES

Extensive and diverse data requirements, a large number of payees, varied hierarchical sales organizations, and complex sales compensation plans are all reasons why you may need an enterprise level SPM application. Leading enterprise solutions are robust applications that may require less customization, fewer additional modules, and overall, less time trying to fit your organization into the vendor's box.

While we recommend a comprehensive SPM framework development, understanding your data criteria will help you choose potential vendors that offer the flexibility you need to maximize the value of your SPM investment.

READY TO KICK OFF (OR CONTINUE) YOUR JOURNEY TO A BEST-IN-CLASS SPM SOLUTION? REGISTER FOR A FREE 2-HOUR WORKSHOP TO RECEIVE GUIDANCE ON HOW TO PLAN, DEPLOY, AND MANAGE A COMPREHENSIVE SOLUTION. FOR ADDITIONAL QUESTIONS, WE INVITE YOU TO CONTACT US.

ABOUT opensymmetry

OpenSymmetry is a global consulting company that specializes in the planning, implementation, and optimization of sales performance management (SPM) solutions supported by the industry's leading technology suppliers. Since 2004, OpenSymmetry has enabled its customers, ranging in size and industry, to achieve greater operational efficiency and get better sales results. To learn more, visit **opensymmetry.com.**