

Everything as a Service...

How Should We Compensate Our People?

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Meet the Panelists!



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Everything as a Service Business Models

Subscription Model

A fixed amount paid on regular intervals across a term

- **Magazines**
- **Software – Microsoft 365**

Subscription Plus-Consumption Model

Revenue streams at regular intervals with fluctuations in amounts paid

- **Cable TV**
- **Add-ons to the basic package offer**

Usage Based Model

Products and services that are paid for only when used.

- **Utilities**
- **Downloads**
- **Pay per usage only**

Everything as a Service Attributes



Packaged Offerings

Software – Hardware – Managed
Services

Subscription-Based Services

In lieu of “project based” sale

Same Offering

Across all customers

Customizable

May be slightly to highly
customizable

One-Time Charges

May include hardware purchase
option, installation or set-up

No Equity

Very little to no equity
Exception may include hardware
purchases



Why?



Why the Provider Likes It

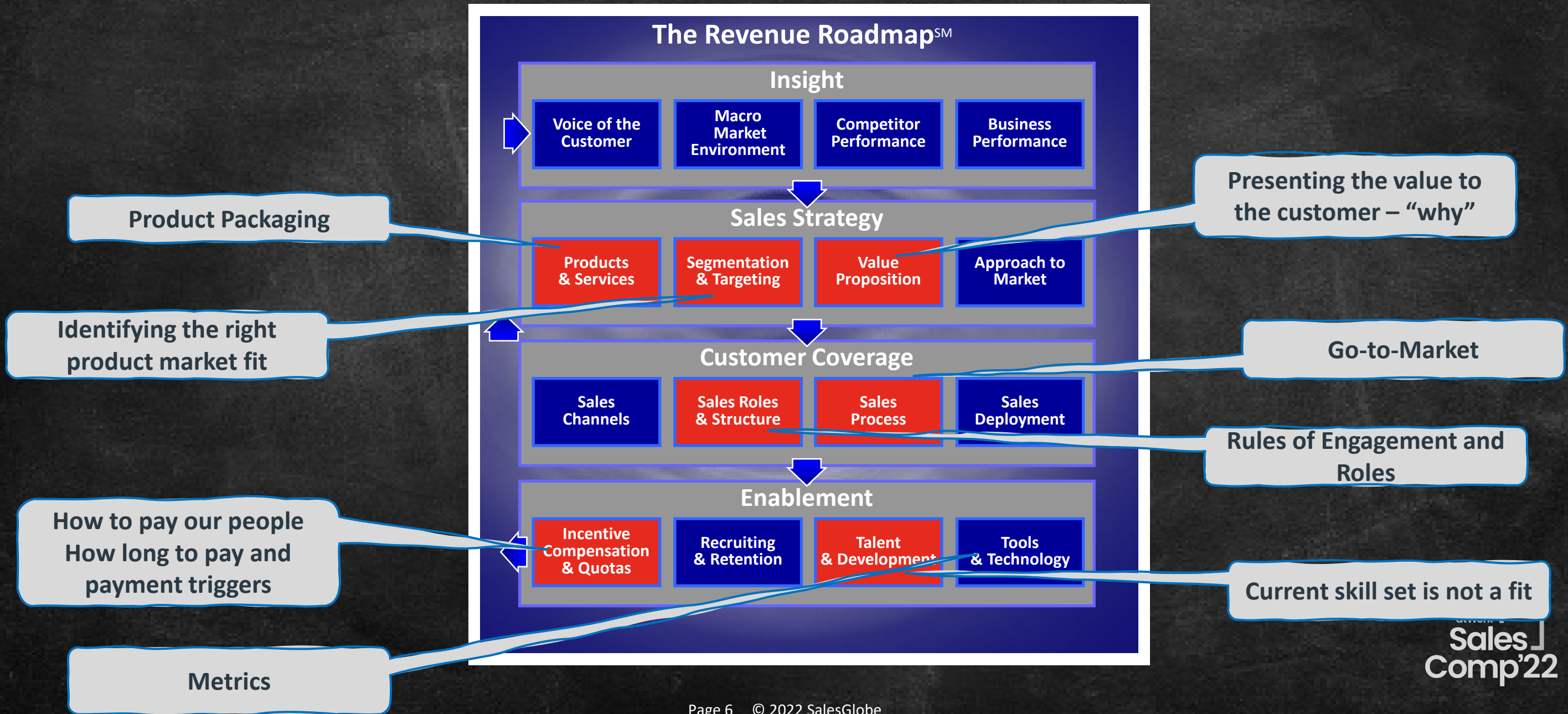
- Business Valuation
- Scalability
- High Margin
- Customer Retention

Why the Buyer Likes It

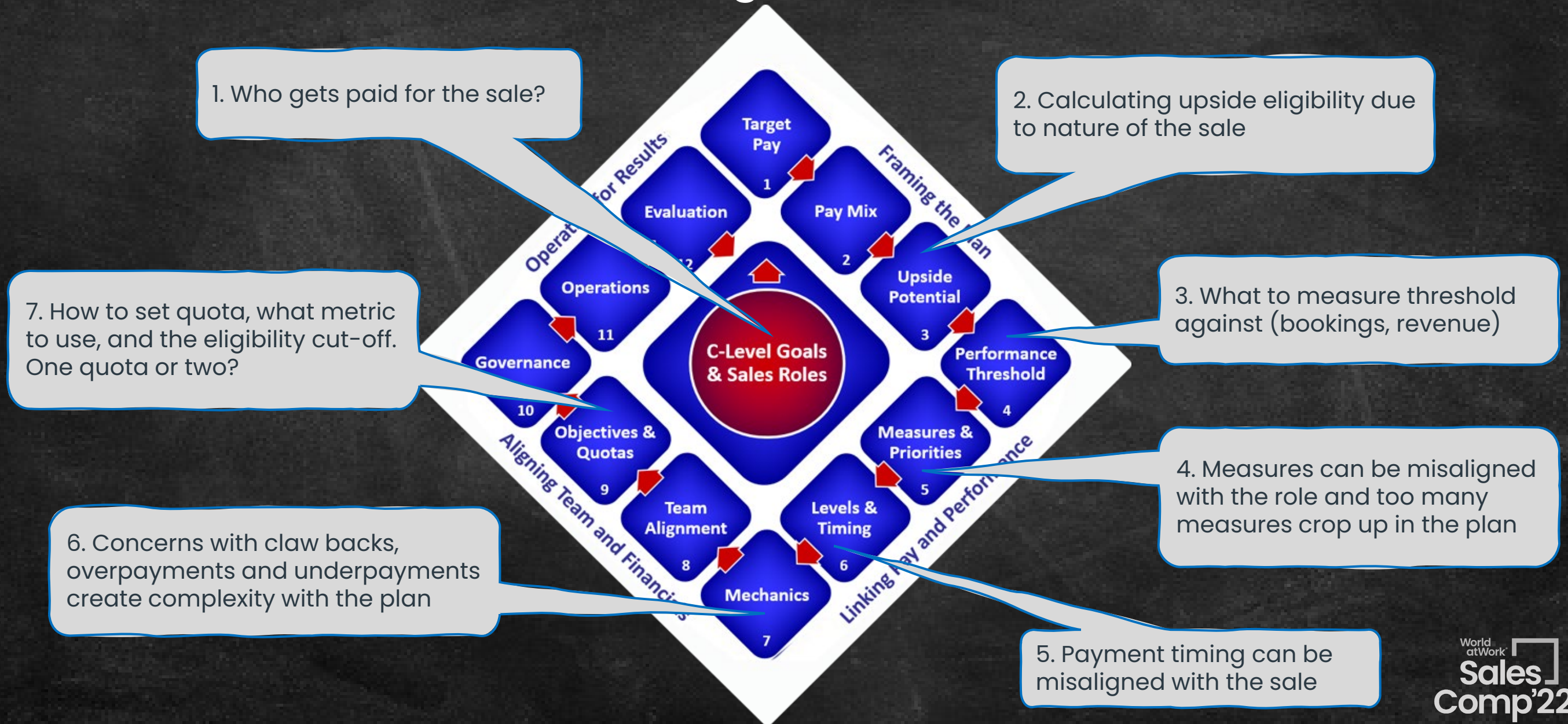
- Lower Up-Front Cost
- Ease of Access – OpEx
- Most Up-to-Date Products and Services
- Flexibility

Does the Rep Understand?

Challenges: Setting Strategic Context



Sales Compensation Diamond Setting Context



XaaS – Context

Deals Are Paid When They Booked or When Revenue is Recognized



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How Deals Are Paid

Bookings

Revenue

The Complexity Begins

Contracts

TCV

ACV

MRR

Product Volume

Product Units

New Business

Renewals

One-time sale

????

When do we pay?

What part of the sale is paid for across each role in the sales process?

Who is accountable for each part of the sale through delivery?

Who owns net new, penetration and renewals?

What roles are needed to support cross sell?

What are the hand-offs across roles?

Sales Compensation

Plan Measures



What plan measures do you use at your organization for the following sales roles, and why?

<u>Field/Hybrid Sales Role</u>	<u>Top Performance Measure</u>	<u>2nd Highest Performance Measure</u>	<u>3rd Highest Performance Measure</u>
Account Acquisition	Revenue (52%)	Bookings (41%)	Gross Profit (34%)
Account Retention	Revenue (56%)	Bookings (42%)	Gross Profit (33%)
Acquisition & Retention	Revenue (62%)	Gross Profit (39%)	Bookings (36%)



Sales Compensation



How do you recognize the sale?

How do you reconcile recognition to payment?

- **Bookings: TCV, ACV**
- **Revenue: Invoiced, Received, MRR**
- **Churn- Cancellations**

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Sales Compensation Advice



What is the biggest mistake you've made or seen when designing an incentive plan for XaaS?



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Sales Compensation Advice

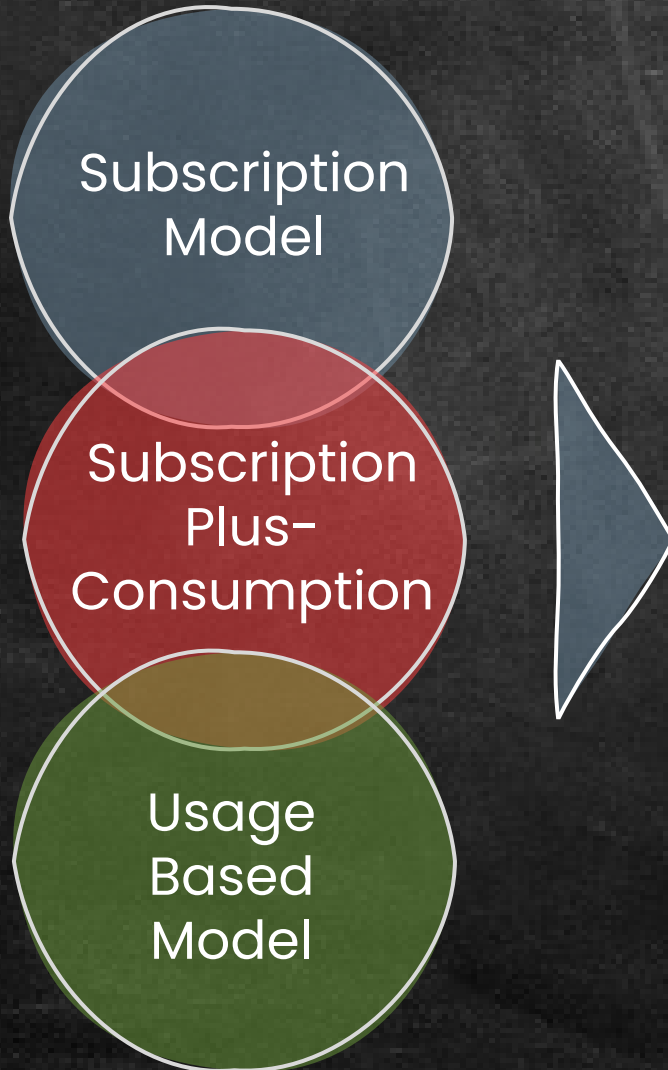


What's the best advice you'd give to our audience today?



5 Big Take-Aways

EVERYTHING AS A SERVICE



1. **Get internal alignment and be very clear on nomenclature and definitions. External hires and even internally – there is unexpected confusion and assumptions.**
2. **Know what you expect each person to do in their role and pay for that. Nothing more, and nothing less. Role clarity is everything.**
3. **Don't underestimate change management and get Finance on board as quickly as you can.**
4. **Just because you built it and you are paying people to sell it doesn't mean salespeople know how to sell it...Or that "they will come".**
5. **Align the plan to your most important priorities and if you can't measure it with confidence...don't build it into the plan until you can.**

Our Story: Data-Driven Problem-Solving for Sales

We are rethinking sales.
SalesGlobe is a data-driven, problem-solving firm for sales. We work with you to design and implement solutions that give you the results and ROI you need.

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THANK YOU.



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