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# SAAS SALES COMPENSATION POLICIES & PRACTICES

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*Executive Summary*

SUMMER 2022



**<10%**

of participants have clear definitions of roles with focused sales motions and clear account ownership rules

**48%**

of companies applied 100% credit for deals that do not come to fruition, outside of the rep's influence

**70%**

report voluntary turnover as less than 15% vs. 40% reporting turnover less than 15% in prior years

**35%**

pay on bookings only, a decrease from 54% in prior years as SaaS companies continue to push payments towards invoicing or client acceptance

## Executive Summary

SaaS companies are no longer waiting for their annual review to tweak their compensation plans and policies. Questions continue to arise about plan design, sales crediting, and quota setting.

As organizations evaluate their design, they'll likely focus on the performance metrics, accelerator tables, quotas, and pay levels. All of which are important design elements, and each have many available industry benchmarks. However, many organizations will not address the policies and practices that govern the overall compensation plan.

Policies and practices are often the toughest questions related to the plan design. They're situational. They can be specific to your industry sector. They were likely put in place by legacy team members. They don't often change every year. It can be difficult to know if your company even needs certain policies. But plan policies and practices can have a huge impact on the behavior and performance of your sales team.

The goal of our research is to help your organization drive smarter decision around these policies and practices. Simply put, we want to capture better insights on these questions with answers that typically start with "it depends...".

*This Executive Summary provides a snapshot of our full SaaS Sales Compensation Policies & Practices. The full report is available to participants only. If you would like to participate in future studies and/or have specific sales compensation questions, please contact us:*



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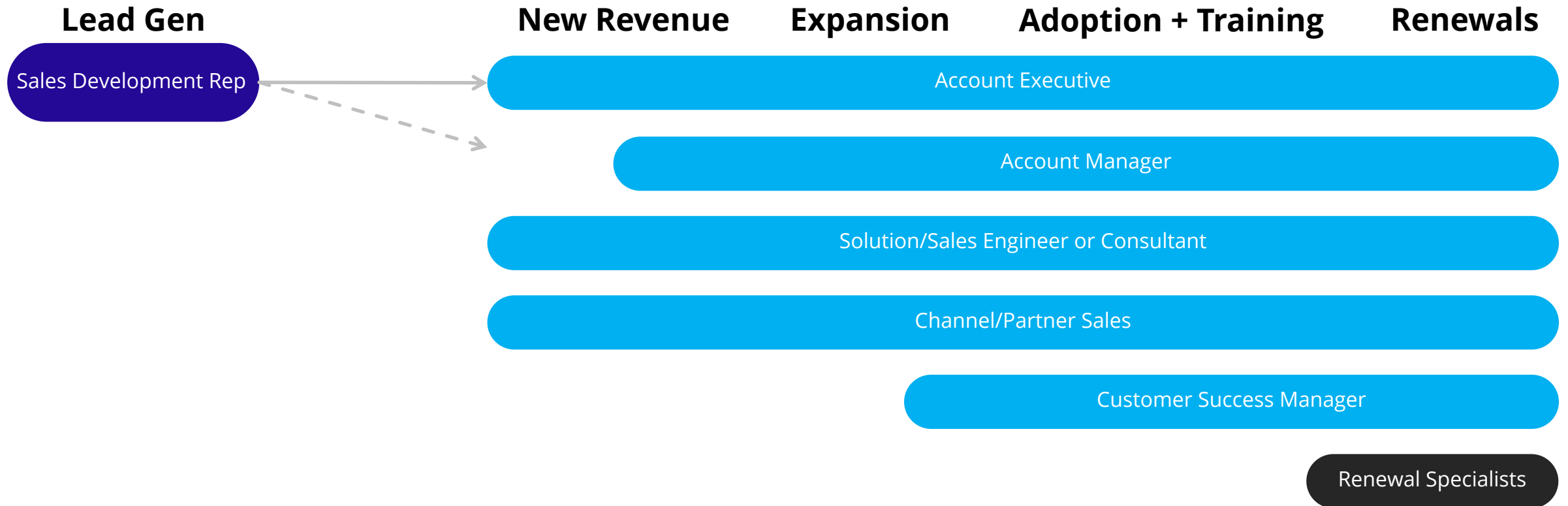
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# The Reality: SaaS Organizations are Hybrid and Multi-Focused

Majority of SaaS sales organizations have multiple roles focusing on the same revenue type or accounts. This is attributed to rapid growth, unclear segmentation criteria, lack of defined process for account ownership/transfer, legacy account assignment regardless of role, and undefined roles or lack of resources to focus on specific revenue types.

22% of participants had Account Executives *and* Account Managers responsible for account expansion.\* 10% of organizations do not have an SDR role and almost 20% do not have a Renewal Specialists. In those organizations, lead generation and renewals are owned by the rest of the sales team.



# New Revenue is Targeted but Not the ONLY Focus for Account Executives

**92%**

of participants have AEs with multiple revenue focuses (i.e. new and expansion)

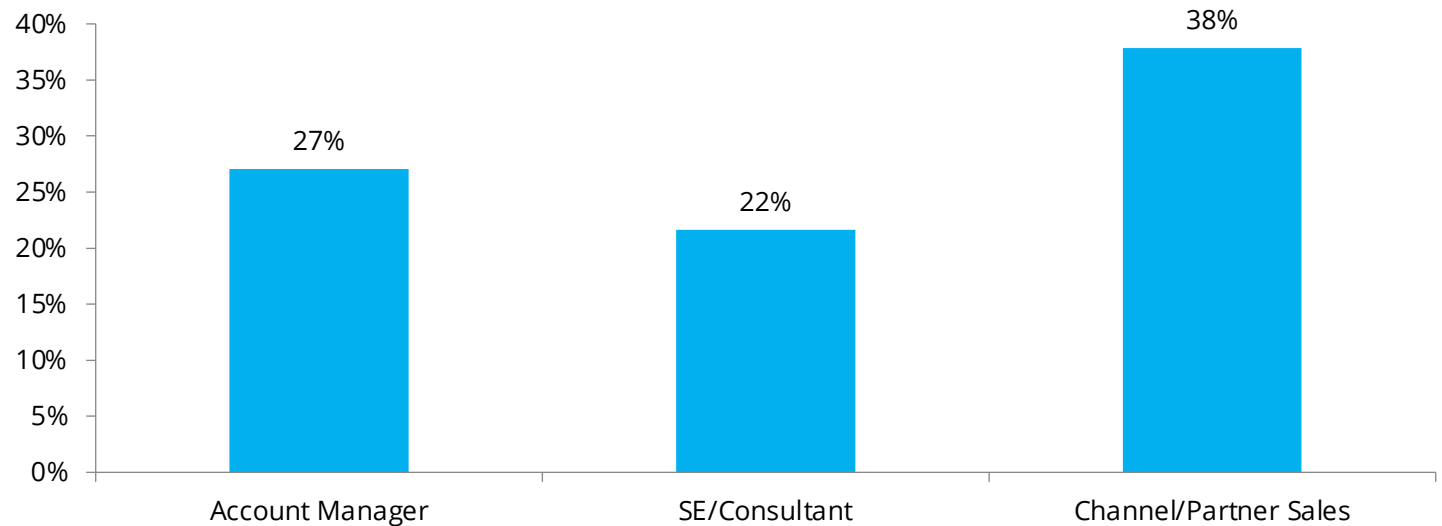
**59%**

of new business is a focus for other roles such as SE and/or Channel/Partner

**10- 12%**

the average commission rates for new ACV revenue\*\*, unchanged from FY21

## New Revenue Responsibility\*



\*New Revenue is characterized by any revenue stemming from a fully new sale  
\*\*Rates vary greatly by company size and only reflect those who provided rates  
\*\*\*Data represents sales organizations with more than 50 team members

# The Focus on Renewals and Retention is a Full Team Focus

**58%**

have renewals  
specialist role

**5%**

of participants  
have all roles  
working renewals

**1-5%**

The average  
commission rates for  
renewal revenue\*\*

**3%**

Percent of the contract  
value that makes up  
renewal compensation

**60%**

of companies with retention  
focus base commission on  
net retention revenue vs. #  
of retained customers

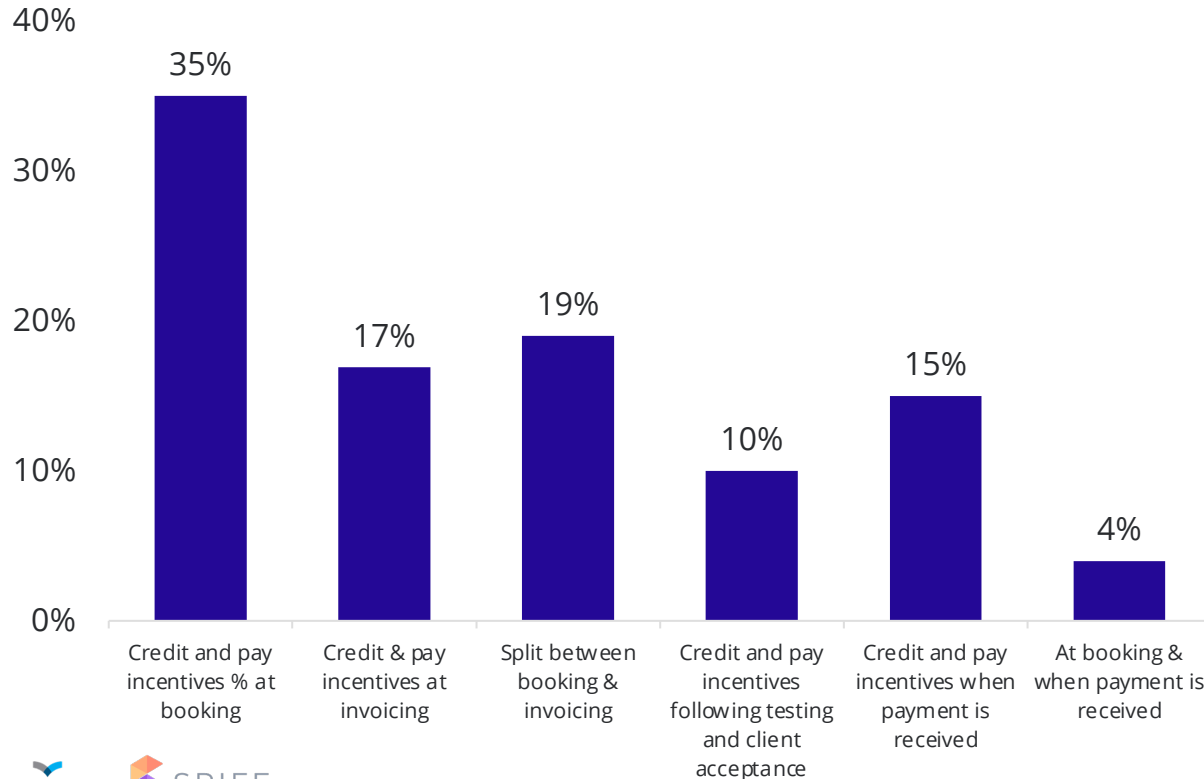
\*\*Rates vary greatly by company size and only reflect those who provided rates

# Crediting Events are Occurring Frequently But Further Down In The Sales Cycle

While the majority of SaaS participants credit and pay incentives at bookings, this number has decreased from 54% to 35% in FY2022.

There has been an increase of crediting upon receipt or client acceptance in the past 12 months, up from 2% in FY2021 due to global pandemic, economic uncertainty, shorter revenue cycles and/or supply chain issues. Companies are continuing to mitigate risk of overpayment upfront.

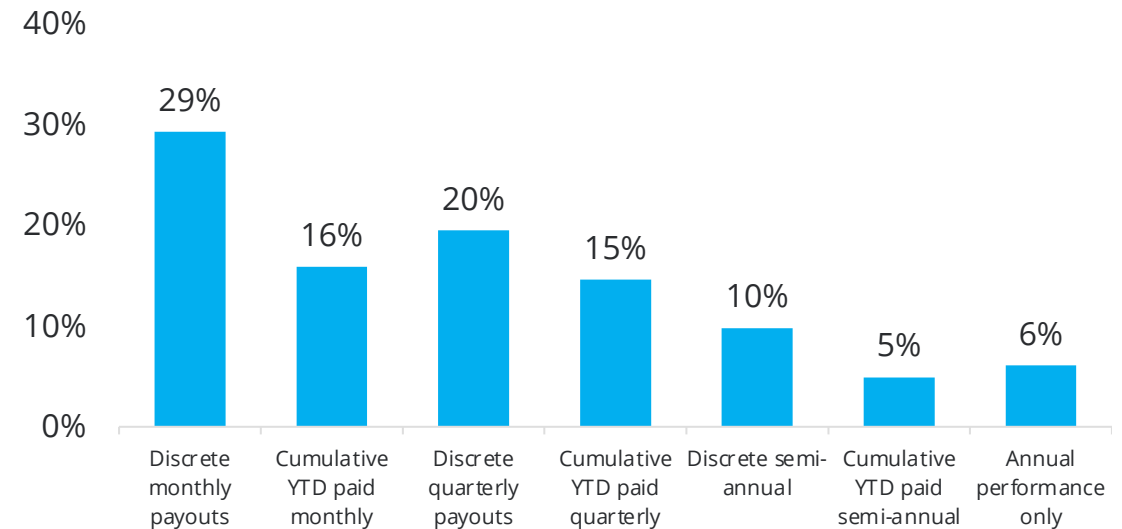
## Sales Crediting Event



Almost half of participants credit and pay their sales team based on performance for a discrete period of time vs. cumulative year-to-date. This mechanic allows leadership to change goals based on market conditions and for underperformers to still be 'in the game' if a period goal is missed. The drawback to discrete period is that there is no alignment to annual goals and potential for 'sandbagging' by reps.

45% of participants pay out on monthly basis – either cumulative or discrete vs. 35% payout on quarterly basis.

## Sales Crediting Frequency



# Data Collection Methodology



**Responses:** The *SaaS Sales Compensation Policies & Practices 2022* survey represents responses from 259 SaaS participants. Multiple sales individuals from the same company may participate. All data was gathered from April 2022 through June 2022. Results were published Summer 2022.



**Data Edits and Trimming:** All data entries were reviewed for applicability, and some responses were deleted as non-applicable.



**Editors Note:** Responses to survey questions often exhibit a wide range of responses and outcomes. Anomaly responses were eliminated however, leadership should exercise judgment when interpreting and applying average survey responses.



**Would you like to participate in future surveys?**

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In addition, if you have questions for future surveys or want best practice advice, please contact [Carrie.Ward@TheBrevetGroup.com](mailto:Carrie.Ward@TheBrevetGroup.com)