

CellarStone QCommission Spotlight Report

By Raluca Druta
TEC CRM Analyst
www.technologyevaluation.com

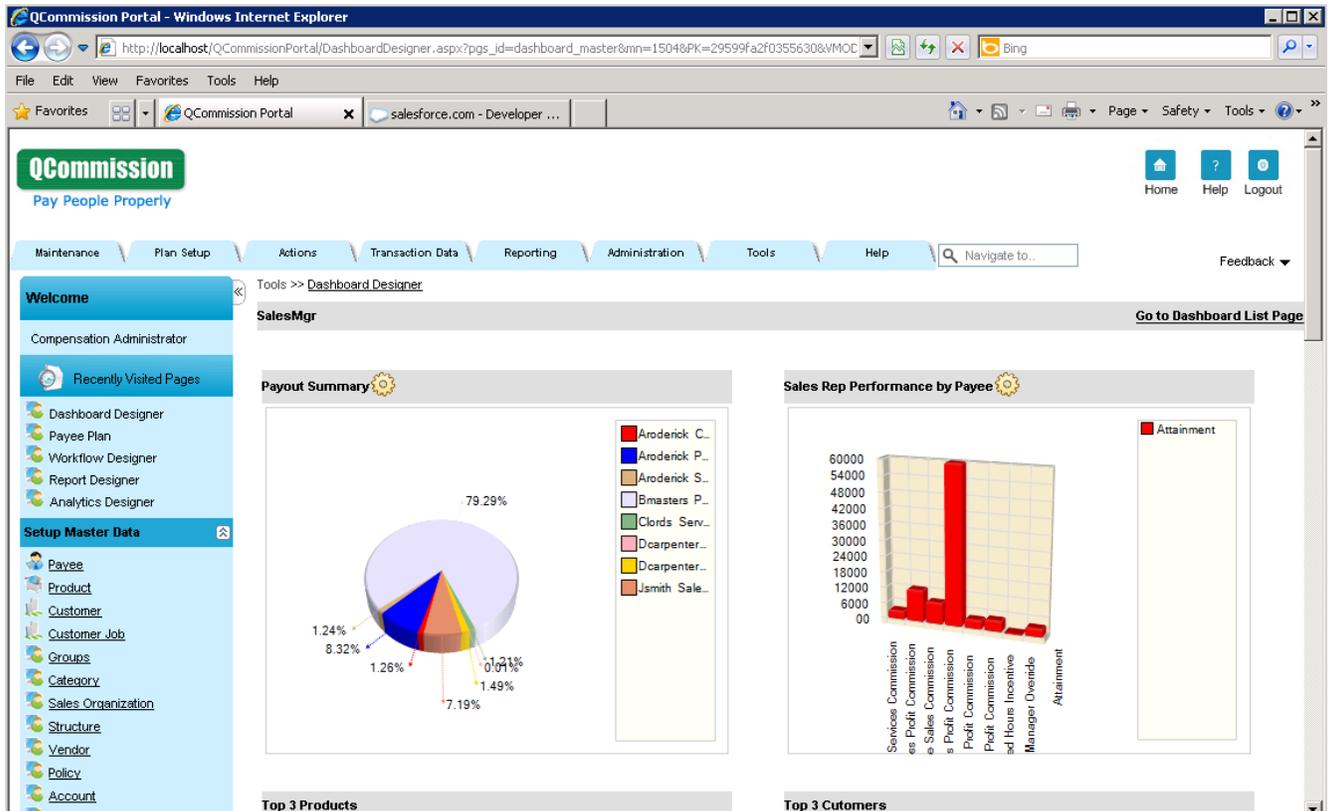
PRODUCT SPOTLIGHT

CellarStone QCommission Spotlight Report

Company and Product Background

Headquartered in San Mateo, California, with offices in Chicago, Illinois, USA, and Chennai, India, CellarStone Inc. offers sales commission and incentive compensation software solutions and services. The organization has been in business since 2000, when it started as a sales commission management consulting company.

In 2007, CellarStone began developing sales commission software solutions. Today, the company has over 60 employees across three locations and sells its products worldwide to companies in more than 60 industries. The install base exceeds 1,000 customers. CellarStone offers sales commission management software tools to companies of all sizes through its flagship sales commission product QCommission and its sister product for small- to medium-sized businesses (SMB), Easy-Commission.



QCommission dashboard screenshot

In the initial phases of developing its software solution, CellarStone focused mainly on small businesses that were using popular accounting systems such as QuickBooks and Sage 50 (formerly known as Sage Peachtree). Serving smaller companies in the beginning enabled CellarStone to perfect a business model that

delivered great value at a low cost. Since small businesses do not have very many resources for IT staff or business analysts, the software vendor felt compelled to build a very flexible and easy-to-use product that could be utilized by staff members without specialized skills.

The company's initial philosophy was to provide great value to the SMB market and move into the enterprise market based on that success. This approach allows CellarStone to scale with a highly automated solution yet extend the savings to larger opportunities.

Over time, CellarStone functionality grew and was able to effectively manage mid-market and enterprise level sales commission processing. As a result, among their client base today, we can find larger organizations such as Milwaukee Electric Tools, Transamerica Capital, and others.

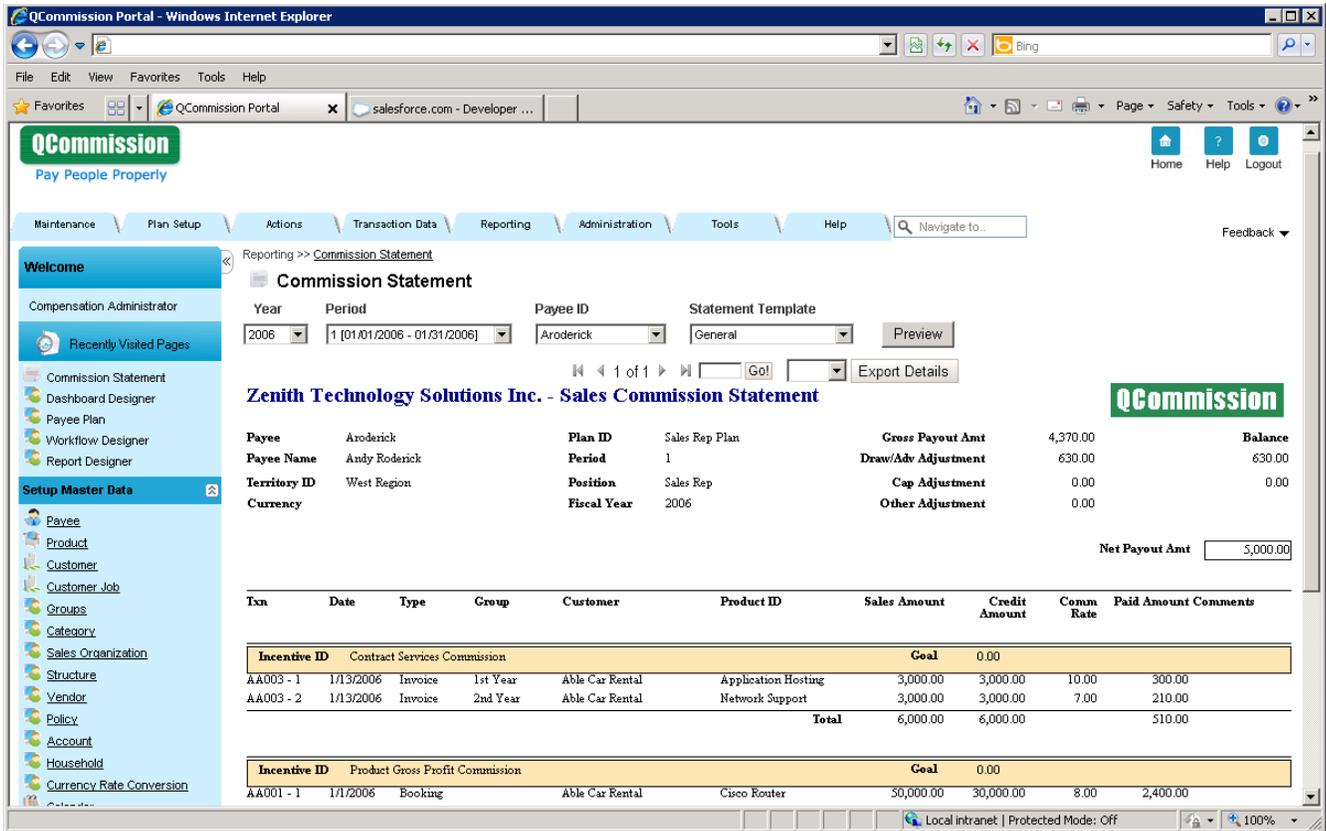
The company builds its applications on MaxBlox—a proprietary SaaS application development platform. More recently, CellarStone acquired a BI dashboard tool, webKPI, to advance its sales commission analytics offering.

Sales Commission Agreement-centric

Sales commission transaction processing is more complex than most payable and payroll transaction systems due to the many variables. Unlike payroll for example, sales commissions are influenced by a lot of factors. Sales commissions vary quite substantially from one industry to another. For example, mortgage companies pay commissions on loan originations, while insurance organizations pay commissions on premiums, and manufacturing reps are paid based on revenue but if they resell the exact same product they are paid on profit.

Moreover, sales commissions also vary substantially from one company to another, even within the same industry, as most companies struggle with internal debates around the fairness or effectiveness of sales commissions (each company can take into account aspects such as performance reviews or equitable pay policies, etc.). Additionally, legislative policies also impact the manner in which sales commissions are managed.

Sales reps are typically paid based on the terms of a **sales commission agreement**, which reflects internal policies or industry standards. This document states the conditions under which sales reps can be compensated for their results. Such an agreement states the terms of various commissions and bonuses, each of which has a flexible frequency (weekly, monthly, quarterly, etc.). To add to the complexity, some commissions may or may not be associated to quotas. Also, the agreement can include sales crediting rules. A few examples: an employee is credited for a sale only if their name is on the deal, if the sale pertains to a certain territory, or if they manage a particular product line, etc. Finally, a commission rate can be either flat or variable. QCommission was designed to match sales commission agreements, thus matching users' familiarity with this type of document.



Example of sales commission statement generated by QCommission

Accurate Commission Statements

Once sales commission agreements have been established and sales reps start closing deals, the reps expect to see a **commission statement** at the end of each commission period, providing an in-depth understanding of the breakdown of their pay. Behind the generation of these statements stands, in fact, the people who rely most on QCommission: human resources (HR) staff, accounting, finance, and administrative staff, and others. Unfortunately errors are frequently encountered while using basic tools such as Excel, where the data is dispersed (sometimes inconsistently) across multiple files—and further—when being pushed into accounting or CRM systems. Additional issues with such methods for generating commission statements can include having to manage two or more sets of books, and the long time that it takes to calculate sales commissions this way, leading ultimately to unhappy reps and managers.

Since the system is role-based (sales rep, commission administrator, manager, etc.), commission administrators have a distinct dashboard where they only need to go through a three-step process to manage commission calculations:

1. Import data from accounting or CRM systems
2. Calculate commission plans already in place
3. Visualize the statements

All this can be done per statement or in batches, and is run every day so that potential errors can be eliminated. A case in point, commissions administrators using QCommission can record the date when a sales transaction was made, apply the commission agreement that is valid at that point in time (like “July Special”), and pay the commission at the end of the year. As a result, if the commission changes between a point mid-year and the end of the year, the sales rep will receive the correct amount.

In order to ensure the correctness of commission calculation, the system is able to identify and set up:

- calendars—commissions need to be calculated against a time period, as transactions occur;
- multi-layered sales organizations—including territory, regions, etc. so that there is a clear picture of who belongs to what organization;
- payees—entities that receive commissions (employees, contractors, etc.);
- products—to ensure that the right transactions belong to the right compensation product groups;
- customers (can be hierarchical)—to associate sales reps to accounts either at a regional or national level; and
- projects—some reps can be compensated per project.



QCommission commission statement summary payout displayed on a mobile device

QCommission supports currency conversion and date formatting to facilitate the payment of sales reps in different countries. In the future, it will be enhanced to support languages other than English. In addition, the system can process a large number of transactions such as bookings, sales orders, invoices, revenue recognition, or payments, as well as comply with minimum wage laws as defined at state/provincial or federal levels by receiving time-sheet data.

Approval workflows can be put in place for various reasons. One example would be the automatic system storage of commission plans, once sales reps have viewed and approved the plans. Another example is the modification of records and plans, which also requires management or sales rep validation.

Commission statements, as well as other basic sales information such as statistics (ie., Top 5 Customers) and search transaction capability, are available for a mobile workforce via QCommission Mobile.

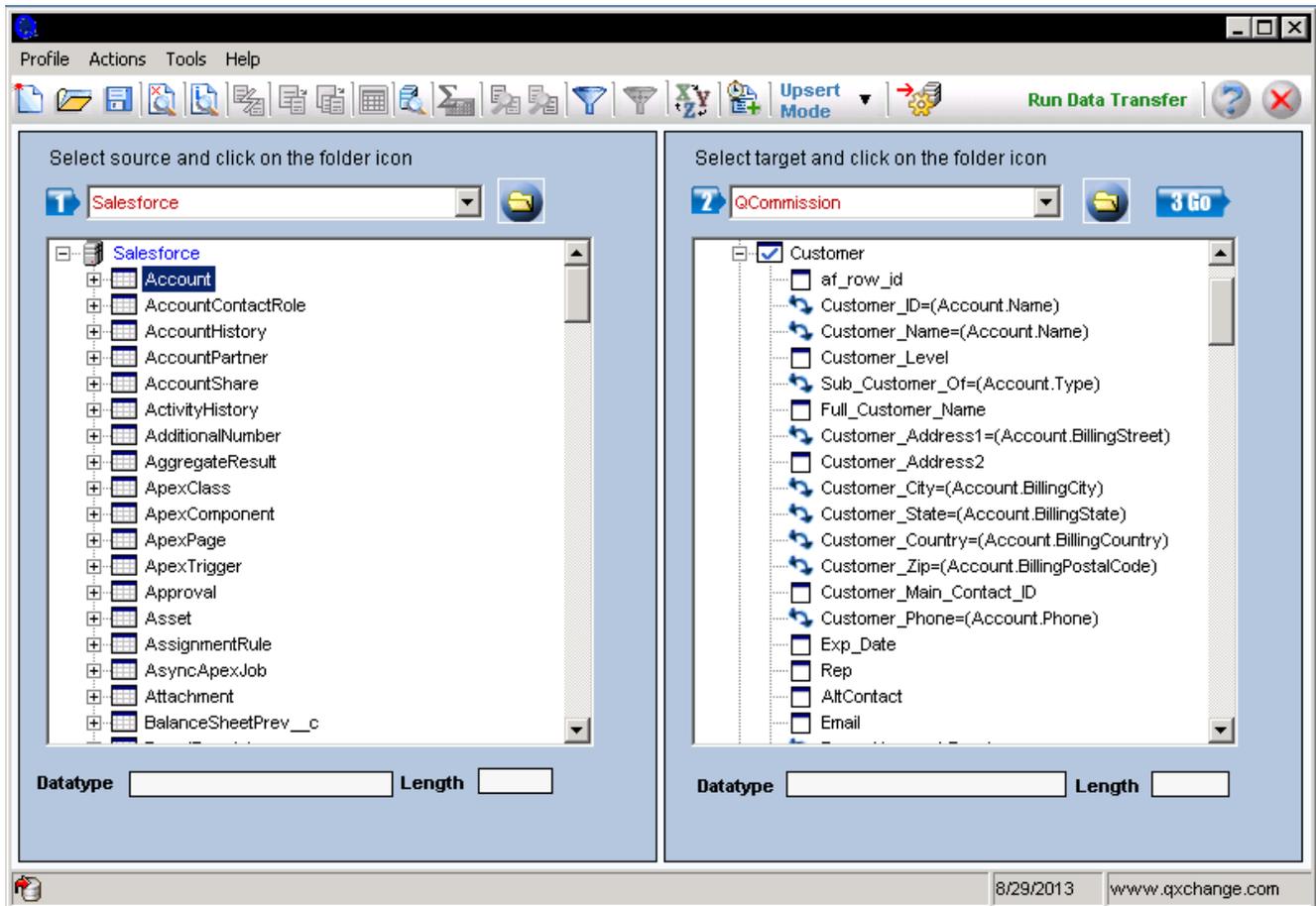
CellarStone plans to expand its mobile offering in the future, to include more sophisticated features and allow mobile users to take advantage of the flexibility of the system, which allows companies to model sales commissions according to very specific needs.

Easy Integration

QCommission, as a compensation management tool, relies heavily on data residing in other systems, such as customer relationship management (CRM) or financials management solutions. CellarStone took upon itself the challenges of handling the integration between QCommission and other systems and built an integration tool—QXchange—to ensure that its clients' sales commission management strategies do not fail.

QXchange is the integration bridge between QCommission and other accounting/financials and CRM systems. So far, it has the ability to integrate with Salesforce.com, Sage, Microsoft Dynamics, Oracle Fusion CRM, etc. as well as SQL Server, MySQL, ODBC connections, PDF and Excel files, etc.

The integration works both ways. QCommission is able to use predefined information (i.e. time sheets) from other systems, Salesforce.com for example, to perform a specified calculation and then display the commission statement in Salesforce.com.



QXchange Salesforce.com and QCommission mapping

The complexity of the integration is revealed when calculating commissions and paying sales reps. Some commissions can be calculated upon order creation, a function usually handled by a CRM system. However, with QCommission the sales rep can be paid at regular periods, such as on a fixed date every month. The order is brought into QCommission from the CRM system to calculate the commission. Further, the commission can be mapped onto several invoices in the financial system. The system has to know when these invoices are paid and then add the commission to the sales rep's pay check.

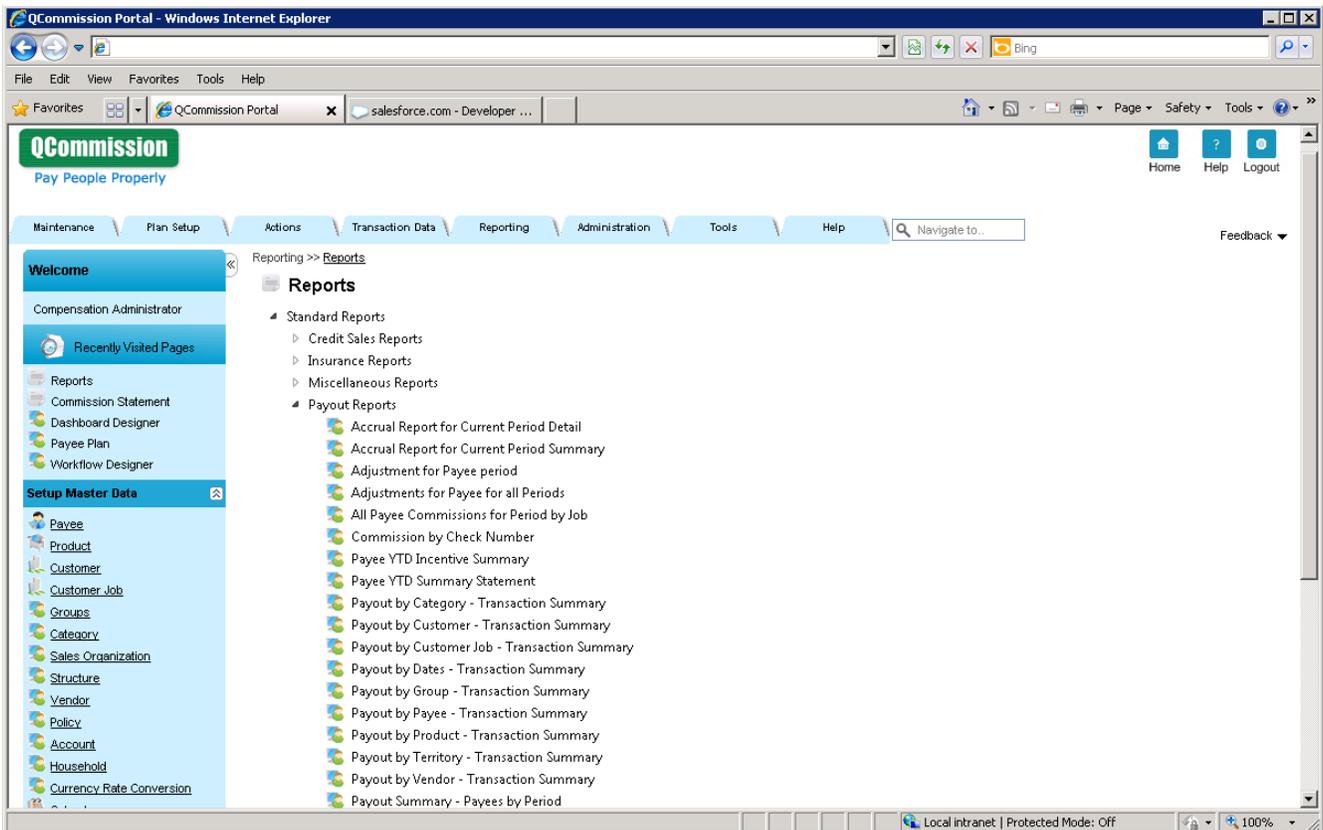
There is thus a lot of movement of data between systems. However, because CellarStone uses its own integration tool, customers don't have to resort to a third-party integrator to buy extra software and services or to allocate internal resources to achieve complex data flows and data consistency.

Analytics and Reporting

QCommission has a large number of pre-defined reports, including:

- transaction reports (revealing which sales rep got paid per transaction or what transactions are expected to occur in the future, unprocessed transactions, uncredited transactions, unpaid transactions);
- sales reports (typically handled in CRM, but also offered by QCommission);
- payout reports (revealing how much a company pays for its payees, territories, products, etc.);
- industry specific reports (for example, a book of business report for insurance); and
- accrual reports.

The QCommission solution includes a report designer application—which smaller size applications tend not to have—and an analytics designer application. Report Designer enables users to generate reports without resorting to any coding. Analytics Designer supports pivot tables such as customer by period, product by period, or customer by product. In addition, there is Query Designer, where users can concatenate any fields according to their needs and then bring those queries into the Report Designer.



QCommission pre-defined reports

Besides the above mentioned analytics and reporting capabilities, QCommission offers modeling or ‘what-if’ scenario capabilities, which allow for commission forecasting. The modeling application is set up in a parallel database environment, where the data from the live/production environment is not affected. With modeling, decision makers may try out certain scenarios in response to various issues that they may be facing (decrease or increase in demand, low performance rates, etc.). The expected output is a detailed picture of commissions spending.

As mentioned above, CellarStone recently acquired a BI platform, webKPI, which the company will be incorporating into their QCommission solution to support users with more sophisticated sale commission dashboards, data visualization, sales commission and financial analytics, and reporting functionality.

Implementation: From Discovery to Gaining Independence

CellarStone takes on the task of conducting a comprehensive implementation process that goes through several steps: discover, design, develop, demonstrate, deploy, and disengage. During this process, CellarStone becomes very intimately acquainted with how the customer manages commissions and the role these commissions play in the organization.

CellarStone designs all commission plans for customers and tests them with both test data and customer data. So QCommission is configured to reflect the customers' needs and have users see how it is expected to perform before training is provided.

The vendor is also able to accommodate the deployment preference of its customers. Although the cloud is very popular, and CellarStone does offer a cloud-based option, they acknowledge that some companies are not ready to transfer their technology into the cloud. Consequently, they also offer the option to have the solution deployed on-premises or on a server that complies with specific customer requirements.

The Customer Perspective

Busey Bank is a diversified financial holding company serving customers in the United States. The company needed assistance with keeping track of mortgage commissions and overages paid by loan officers. Their specific requirements were: ease of use, auditable system, and integration capability with their loan system.

Prior to considering a commission management solution, the company was using Excel to handle commission calculations and approvals. The commissions were calculated by loan officers and the results were sent to accounting for verification and payment. Numerous errors were reported in this process, and Busey Bank determined that it would interview vendors like CellarStone to find a solution for managing commissions.

According to Gary Jackson, senior vice president at Busey Bank, "the QCommission solution very clearly showed its suitability to the mortgage commission process of our bank. It was an easy decision to make."

When faced with delays on the part of the customer, upon the inception of the QCommission implementation project, CellarStone was very accommodating. The QCommission team handled the configuration and testing steps relatively quickly, including the fixing of several exceptions that were revealed during the test phase. As per its usual methodology, CellarStone provided training to the Busey Bank team and offered a fully configured system before they finally went live with QCommission.

Some clear benefits were noted:

- accurate and automatic commissions calculations (meaning that loan officers no longer had to waste time on calculating their own commissions);
- easier modification to commission structures;
- better reporting for management;
- short approval time; and
- reliable integration between QCommission and the in-house loan system.

Once QCommission was adopted by Busey Bank and the manual process was eliminated, accuracy issues were solved and a lot of time saved. According to Jackson, “Having the QCommission system is a huge improvement from the manual process we used previously. It has allowed us to enhance our commission structure in a way we could not have done with the manual system. It has saved us substantial time and effort.”

Conclusion

CellarStone is principally a sales commission and incentive compensation software provider. Their flagship product, QCommission, is a flexible and affordable tool that enables organizations to consolidate sales commission data under one umbrella and greatly simplify the tasks and workflows required to handle sales commission management. Moreover, the solution can capture the particularities of sales commissions as defined by various industries or different companies within the same industry.

On top of its software solution, CellarStone presents the wealth of experience of its founding members and management team, who are guiding the customer every step of the way with the discovery, design, and implementation of QCommission. The pairing of an affordable and highly adaptable product and customer focused services is what constitutes CellarStone’s competitive advantage and speciality.

About Technology Evaluation Centers

Technology Evaluation Centers (TEC) provides insight and expertise in offering impartial resources and services to minimize the costs, risks, and time associated with software selection. Over 3.5 million technology decision makers visit TEC's Web sites each month, to find information on hundreds of solutions, and to access articles, white papers, and podcasts.

TEC's decision support system (DSS) and analyst data assist with the evaluation, comparison, and selection of enterprise solutions and services. TEC's offerings include in-depth research, detailed product information, and software selection services for any industry or company size.

Technology Evaluation Centers Inc.

740 St. Maurice, 4th Floor
Montreal, QC H3C 1L5
Canada

Phone: +1 514-954-3665

Toll-free: 1-800-496-1303

Fax: +1 514-954-9739

E-mail: asktheexperts@technologyevaluation.com

Web site: www.technologyevaluation.com

TEC, TEC Advisor, and ERGO are trademarks of Technology Evaluation Centers Inc.

All other company and product names may be trademarks of their respective owners.

© Technology Evaluation Centers Inc. All rights reserved.

CELL20130904

