



## Key Questions Addressed by BenchSights for Software Sales

BenchSights for Software Sales will help you address how to make the best decisions you can regarding your sales team and their compensation plan in order to optimize performance.

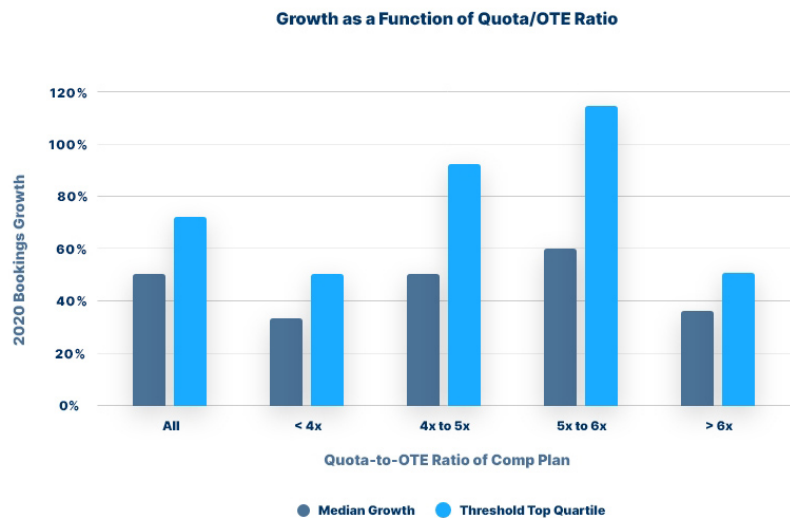
Specific questions we will address include:

- How does the **Level at Which I Set Quota** correlate with performance?
- How is **Quota-to-OTE** correlated with performance?
- How does the **Commission Rate at OTE** correlate with performance?
- How is **% Variable Compensation at OTE** correlated with performance?
- How do **Different Levels of Accelerators and Decelerators** correlate with performance?
- How does the **Use of Caps** correlate with performance?
- How do various **SPIFs and Penalties** (type and level) correlate with performance?
- How does the **Use of a Separate Farmer Team** for all Upsells/Expansions correlate with performance?
- How do **Different Staffing Levels for Sales Mgmt** correlate with performance?
- How do **Different Levels of XDR Support** (\$ and people) correlate with performance?
- How do **Different Levels of SE Support** correlate with performance?
- How do **AE Hiring Criteria** correlate with performance?
- How do **AE Ramp Criteria** correlate with performance?
- How does **AE Ramp Success Rate** correlate with performance?
- How does **Where Leads Come From** correlate with performance?
- How does **Effectiveness of Leadgen** correlate with performance?
- How does **AE Turnover** correlate with performance?
- How do **AE Performance Measurement Criteria** correlate with performance?
- How does the **Importance of Equity Compensation** to AEs correlate with performance?

And so on.

For every question, the answer lies in a bar chart, with each bar corresponding to a group of your peers that made a certain decision, and the height of the bar set to the aggregated median, or top quartile, of a KPI for that group. For example, the chart below (*with made up data for now*) depicts the median and top quartile growth rates for

companies with various levels of Quota-to-OTE ratios, ranging from the most generous (low Quota-to-OTE ratios) to the least generous (high ratios):



Now imagine completing this exercise for a dozen different KPIs:

- Bookings performance vs. plan
- Bookings growth rate
- Bookings growth-to-AE growth ratio
- Percent of quota capacity achieved
- AE CAC (AE comp as % of bookings)
- Segment CAC (segment sales & marketing as % of bookings)
- AE team performance rating
- Win rate
- Individual AE performance distribution
  - % of ramped AEs at/above quota
  - % of bookings from the Top 20%

Finally, extend the analyses by mixing-and-matching multiple decisions and filtering and cross-tabulating on more than 20 other attributes of the companies and selling environments (see pp. 4-5).

We've worked diligently to make sure we are collecting the right data, in a way that makes it possible to put metrics in place that are clear, concise and parameterized so that they can be compared "apples-to-apples", across companies (see below).

## Metrics for Team & Compensation Plan Decisions

*(30+ decision metrics collected)*

- **Team**
  - Sales Organization & selling decisions
    - What distinguishes this sales Segment? e.g., geography, target contract size, product, industry etc.
    - Do you have a separate team of “farmers” to do upsells/expansions?
    - Where did leads come from?
    - How effective (% of their quota) were the lead-gen people generating leads?
  - Account Executive Team (AEs)
    - How many AEs did you have?
    - By how much did you grow the AE team?
    - What hiring criteria (required selling experience) do you typically require?
    - How long does it take to ramp a new AE?
    - How important is the equity component of AEs’ compensation?
    - Where are they located?
    - How big a problem was it hiring AEs?
    - What was voluntary and involuntary AE turnover?
  - Broader Sales Team
    - Ratio of AEs-to-Sales managers
    - Ratios of AEs to each of SEs, BDRs, and SDRs
    - What was the ratio AE cost-to-total sales cost
- **Compensation Plan**
  - Quota
    - How high was quota?
    - What was included in measuring performance against quota? ARR or TCV? P.S.? Renewals?
    - Over what period did you measure performance against quota? Annually? Quarterly? Hybrid?
  - On-Target-Earnings (OTE)
    - How high did you set OTE?
    - What was your Quota-to-OTE ratio?
    - What percentage of OTE was from variable comp?
    - What was the effective commission rate at OTE?
  - Accelerators, Decelerators & Caps
    - Did you have decelerators for AEs performing below quota? If yes, at what effective commission rates for achievement of 50% and 75% of quota?
    - Did you have accelerators for AEs performing over quota? If yes, at what effective commission rates for achievement of 125% and 150% and 200% of quota?
  - Penalties & SPIFs
    - For which performance criteria did you have either penalties or SPIFs? Areas include: upfront cash, contract length, debookings, renewals, discounting, linearity, etc.

- What level (percentage change in variable comp) in economic penalty or bonus?
  - Did you use “farmers” for upsells/expansions?
    - If so, at what commission rate?
    - How did they perform?
  - Did you have a cap on AE variable compensation? If so, at what level?
  - Did you pay a separate commission to AEs for P.S.?

### **Metrics for Other Relevant Attributes**

*(20+ decision metrics collected)*

- Product
  - What category of software does your company sell?
  - What is the ASP across all of your existing customers?
  - What was the ASP of new customers from your AE team last year?
  - What was the ASP of upsells/expansions?
- Selling Environment
  - How important a factor was market headwinds/tailwinds in performance last year
  - How important a factor was competitive dynamics (beyond AEs’ control) in performance last year
  - What is the typical sales cycle (beyond AEs’ control)
  - How much of your overall bookings have been self-serve? How much of the bookings are coming from the CEO/Founder(s)?
- Company Financial Profile
  - Size of company (ARR)
  - Growth rate of company
  - Software business gross margin
  - FCF profitability
  - Annual gross dollar retention
  - Professional Services attach rate
- Other Company Factors
  - How old is the company?
  - Ownership profile (VC, PE, Public, bootstrapped, etc.)
  - Is software the main business? If not, what %?
  - What is your customer NPS score?
  - Where is HQ?
  - ASP across entire software business