Individualized Compensation Plan – FY20xx

Participant: YOUR REP NAME

Sales Period: January 1, 20xx to December 31, 20xx

**Overview:** This document is part of the 20xx Sales Compensation Plan (“Plan”) which consists of (1) this document (the Individualized Compensation Plan) including Exhibit A and (2) the FYxx Sales Compensation Terms and Conditions (“T&Cs”)

The effective date of the Plan is January 1, 20xx. As of the effective date, this Plan supersedes all prior incentive plans, promises or representations with respect to incentive compensation between COMPANY and Participant. There are no agreements or understandings, oral or written, which modify the Plan unless approved in writing jointly by the Vice President of Sales and CEO. The Plan will remain in effect until superseded, changed or terminated by COMPANY.

The purpose of this document is to highlight some of the key compensation areas which are reviewed in more detail in the T&Cs.

# COMPENSATION:

FY20xx compensation consists of the following components (see Exhibit A for specific Participant details):

**Base Salary:** Base salary is paid to Participants for performance of professional responsibilities and contribution to the objectives of COMPANY not specifically compensated through the Plan.

**Targeted Incentive Compensation:** Targeted incentive compensation refers to that portion of the Plan compensation that is paid for performance against Quota targets. Typically, incentive compensation is advanced to a Participant after a qualified Booking is processed. Incentive compensation is not Earned until all the criteria described in the T&Cs are achieved, including payment in full for the Booking. All advanced incentive compensation are subject to repayment by the Participant or offset against future compensation.

# PAYMENTS/INCENTIVE COMPENSATION ACCOUNTING

Base salary will be paid during the standard payroll cycle. Incentive compensation will be advanced during the final payroll cycle of the month after a qualified Booking has been processed. Occasionally, incentive compensation may be delayed because of insufficient information, end of quarter audit reviews, system problems, or other logistical reasons. Incentive compensation statements will be sent to Participants for review. Any issues or questions arising from the statement must be raised within 30 days of issuance of such statements.

Bookings with extended payment terms, which have been approved in advance by the Vice President of or his/her designee, may result in payment of the associated incentive compensation in the month following receipt of the customer payment.

Incentive compensation is considered Earned when the sales process is complete, including payment from the transaction. Plan Participants are responsible for assisting with the collection of the invoice, processing all paperwork and ensuring that general customer satisfaction is achieved.

# KEY TERMS & CONDITIONS

Each Participant is responsible for reviewing the FY16 Sales Compensation Terms and Conditions. Key areas in that document include -

**Eligibility:** In order for a Participant to remain eligible for incentive compensation advances and bonuses, the Participant must have all required documents completed and posted in Company’s CRM by midnight of the last day of each month in which incentive compensation is to be paid.

**Prohibition against side letters:** COMPANY operates its business in strict compliance with GAAP (Generally Accepted Accounting Principles) and revenue recognition guidelines. All obligations and representations to customers, whether written or verbal, must be fully disclosed to COMPANY’s senior management and must be documented in the sales quote presented to the account. Any Participant who violates this policy by activities, such as the delivery of side letters or their verbal equivalent, which modify the terms of business contained in customer documentation (quotes, purchase orders, Terms of Service agreements) will be subject to disciplinary actions up to and including immediate termination for cause. All orders will require an electronically signed Contract Approval Form (“CAF”).

**Plan interpretation:** Notwithstanding any other Plan provision, in all matters of interpretation or administration of this Plan, COMPANY’s CEO shall have the final authority acting in his or her sole judgment, and COMPANY shall have the right, in its sole discretion, to refuse to accept all or part of any Booking for any reason whatsoever, and withhold incentive compensation on orders which are deemed financially unsatisfactory. In the event of a dispute in the interpretation or administration of this Plan, or in situations not specifically covered in this Plan, the CEO will review and issue a final decision. This Plan may be modified from time to time at the discretion of CEO or VP of Sales

**Employment:** This Plan does not alter the at-will nature of employment with COMPANY. A Participant, whose employment with COMPANY is terminated for any reason, whether voluntary or involuntary, shall be entitled to payment of all incentive compensation earned as of the date of termination. COMPANY may deduct any and all outstanding recoverable draw balances from such final payment.

**Nonstandard Terms:** Any nonstandard terms presented in a Quote must be approved in advance by the Vice President of Sales and/or Vice President of Finance/Controller. Quotes with nonstandard terms must be signed by the designated approver manager prior to issuance to the prospect or customer. Failure to do so may result in the disqualification of the Booking for incentive compensation purposes.

COMPANY

By: NAME, TITLE

UNDERSTOOD AND AGREED, AS OF THE EFFECTIVE DATE, ALONG WITH EXHIBIT A AND FYxx SALES COMPENSATION TERMS AND CONDITIONS:

Participant

By:

Date:

**Exhibit A**

FY20xx Sales Commissions Schedule (Effective January 1, 20xx6)

Participant: NAME OF REP Position: THEIR ROLE

Quota and Commission Rates:

**Bookings Quotas**

|  |  |
| --- | --- |
| New Customer ARR | $868,750 |
| Upsell | $75,000 |
| **Total New ARR** | **$943,750** |
|  |  |
| Targeted Incentive Compensation | $125,000 |
| Base Annual Salary | $125,000 |
| **Total On Target Earnings** | **$250,000** |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Commission Rate - Tier / Annuity Value** | | | | | | |
| Percent to Plan | 25% | 50% | 75% | 100% | 150% | 200% |
| Tier | $0-$236k | $236k - $472k | $472.1k - $708k | $708.1k - $944k | $944.1k - $1,416k | $1,416.1k - $1,888k |
| Rate paid | 3% | 7% | 10% | 13% | 20% | 26% |

Commission rates are calculated by using the commission rate tiers shown above against the period's qualified Bookings. Participant will be paid at the rate and tier as described above, as an example if Participant has booked $650k YTD and “books” a new $120k in a qualified period, commissions would be calculated as follows: Total New ARR = $120k pays $58.1k x 10% = $5.81k + $61.9k x 13% = $8.05 Total payout $13.86k

**Quarterly New Annuity Bonus:** If the Quarterly New Annuity Bookings are >$220,000, participant will receive a 2% commission payment for all New Annuity booked in that quarter. Example: New Annuity booked in Quarter = $225k then the 2% bonus will be applied ($225k Annuity x 2% = $4.5k payment)

**President's Club Qualification:** If the participant is 100% of the New Customer Booking Quota as shown above, they will achieve President's Club Status.

UNDERSTOOD AND AGREED, AS OF THE EFFECTIVE DATE, ALONG WITH INDIVIDUALIZED COMPENSATION PLAN AND FY16 SALES COMPENSATION TERMS AND CONDITIONS:

Participant: REP NAME

Signature: Date:

COMPANY: NAME OF COMPANY SIGNER, ROLE

Signature: Date:

MASTER 20xx COMP EXHIBIT A (001) CONFIDENTIAL