Oracle Incentive Compensation Overview

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Agenda

- What is Oracle Incentive Compensation (OIC)?
- Application Foot Print
- Resource Manager
- Territory Manager
- Compensation Plan
- Process Flow
- Collection
- Calculation
- Payment Processing
- Reporting
- R12 Highlights
- Lessons Learned

What is Incentive Compensation

- Oracle Incentive Compensation determines if/how an individual should be compensated on a transaction, based on the rules of the compensation plan assigned to the sales role with which that individual is associated.

- You can use Oracle Incentive Compensation to determine when to compensate salespeople, for example, when the order is booked, an invoice is created, or payment is received etc.

- Successful compensation plans tie sales goals to corporate objectives

OIC Application Footprint
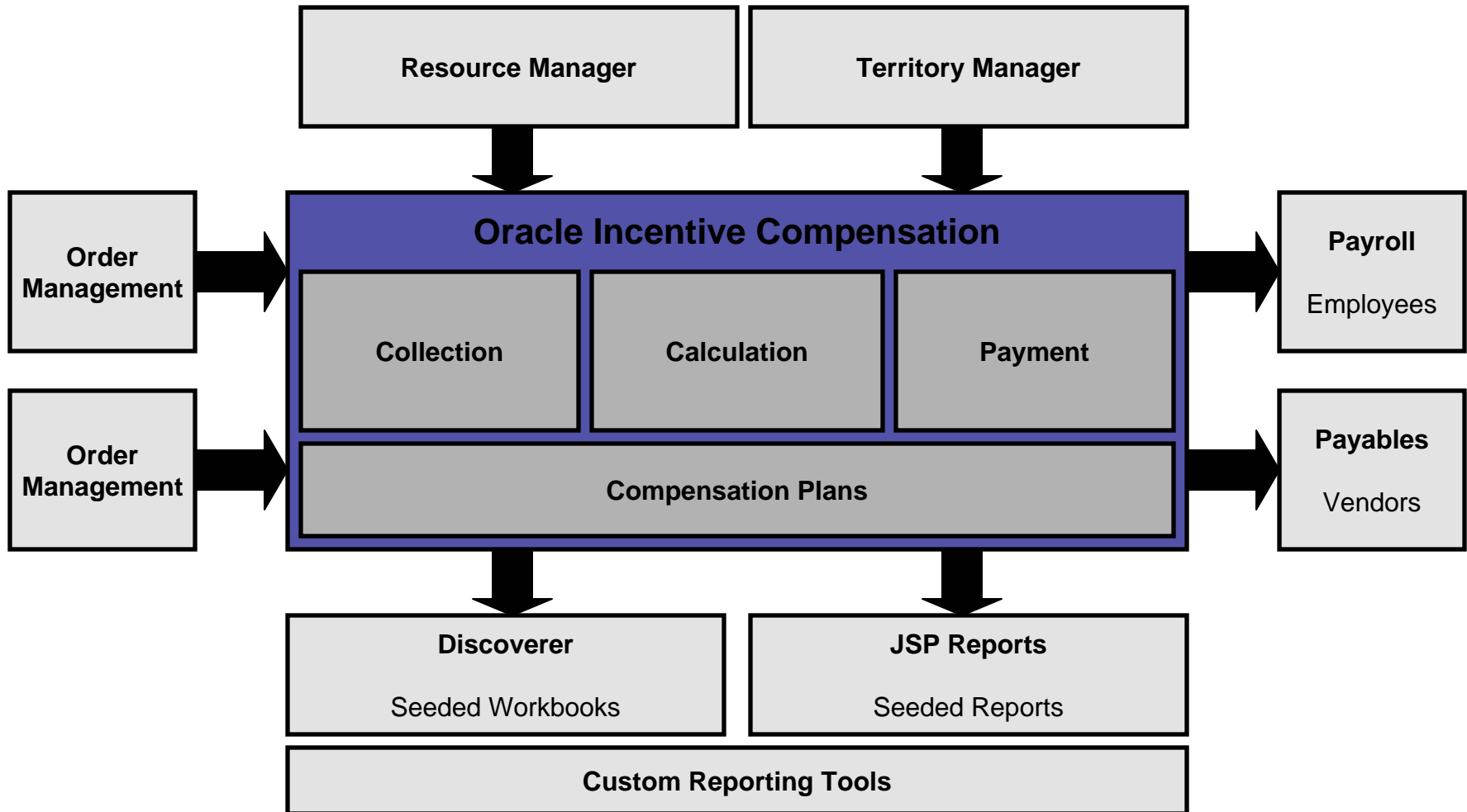
Resource Manager

- – Resource Manager is the CRM Foundation module used to enter and capture resources information.
- – Employee data can be imported from HRMS systems into Resource Manager.
- – Resources created and imported into Resource Manager are shared among all E-Business Suite applications.
- – Oracle Incentive Compensation has the ability to calculate and pay any type of resource that exists in Resource Manager.

Resource Manager ..

- **Roles**
  - Allows users to place groups of resources into categories with similar or same job titles.
  - Allows users to assign compensation plans aligned to the job instead of to individuals.
  - Resources can have multiple roles assigned during overlapping periods

- **Groups**
  - Defines the sales hierarchy of an organization.
  - Assigns usage to a resource group that determines which application can access the group.
  - Arranges into hierarchies to define credit rollup, quota distribution or approval hierarchies.

Territory Manager

- Scalable rules based assignment engine
- Defines who owns what!
- Enables organizations to automatically assign business objects to resources based on configurable business rules.
- Examples: Assigns resources bases on
  - Parties (Customers)
  - Party Site (Address)
  - Postal Code
  - Country
  - Etc.

Territory Manager Integration

- Territory Manager is used in conjunction with OIC to determine who the credit receivers are for sales transactions. In OIC, Sales Credit Allocation is run to determine the how much.

Sales Credit Allocation

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Compensation Plan

- **What is a Compensation Plan?**
  - A compensation plan is a set of plan elements that govern the compensation calculation for a transaction. They are defined with target compensation in mind and determine what amount should be paid in compensation and which transactions are eligible for compensation.

Compensation Plan – Building Blocks
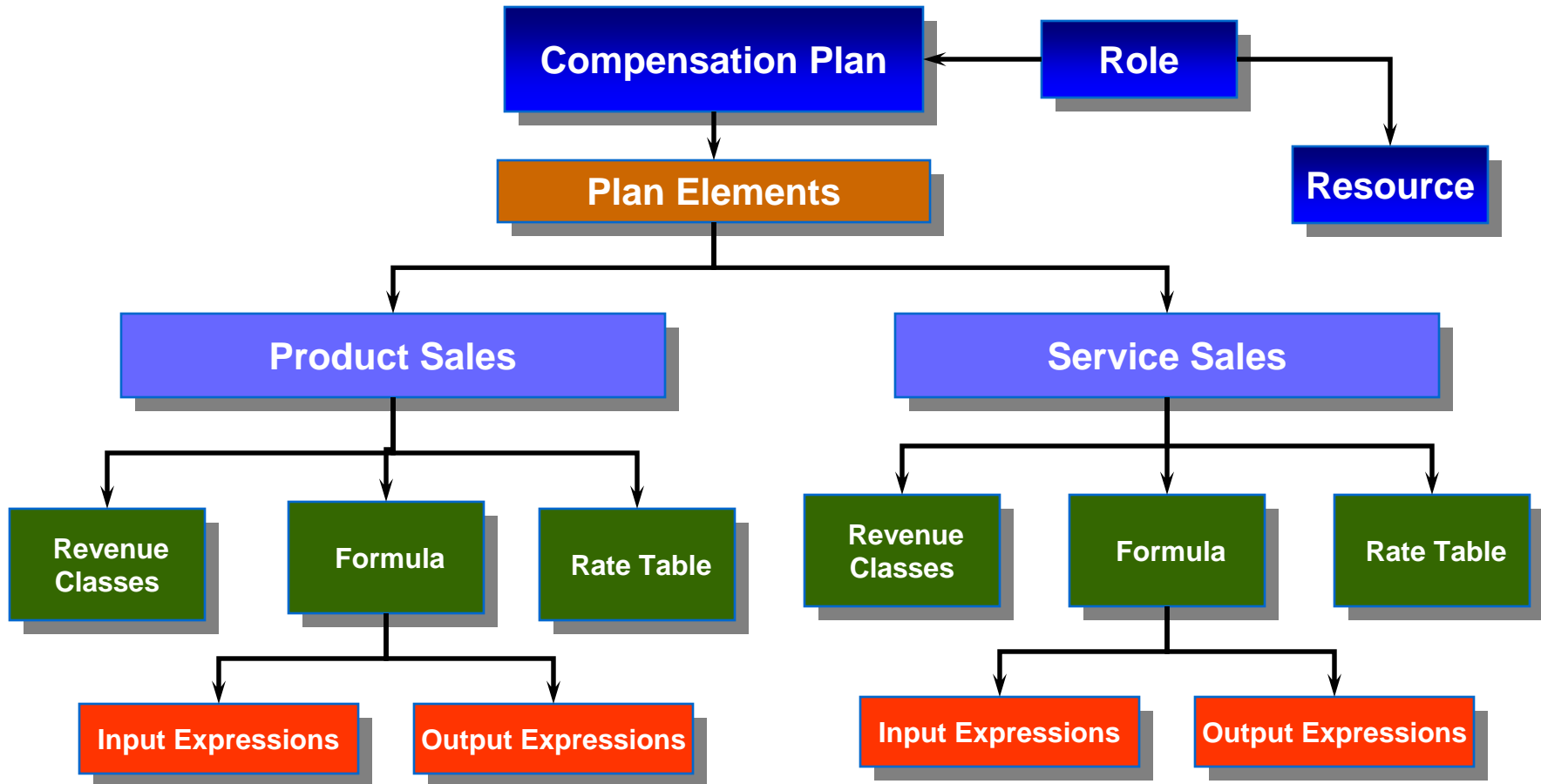
Compensation Plan – Building Blocks ..

– **What are Plan Elements?**

- A plan element comprises of grouping of revenue classes that determine eligibility of transactions for compensation purposes.

- Plan elements contain the information for:
  – Achievement levels
  – Accelerators
  – Calculation formulas
  – Rate Tables

– **Revenue Class**

- They let you vary compensation by type of revenue.

- They help determine whether a salesperson can be paid compensation for the type of revenue represented on the compensation transaction

Compensation Plan – Building Blocks ..

- **Formula**
  - A Formula is used to determine Commissions for transactional data.
  - A Formula can either be used for a Commission or Bonus Calculation.
  - Formulas are used in Plan Elements, or in the definition of other Formulas.

- **Expressions**
  - Calculation expressions are interchangeable, reusable parts that are used in input and output expressions of formulas, expression-based rate dimensions, and performance measures.

Compensation Plan – Building Blocks ..
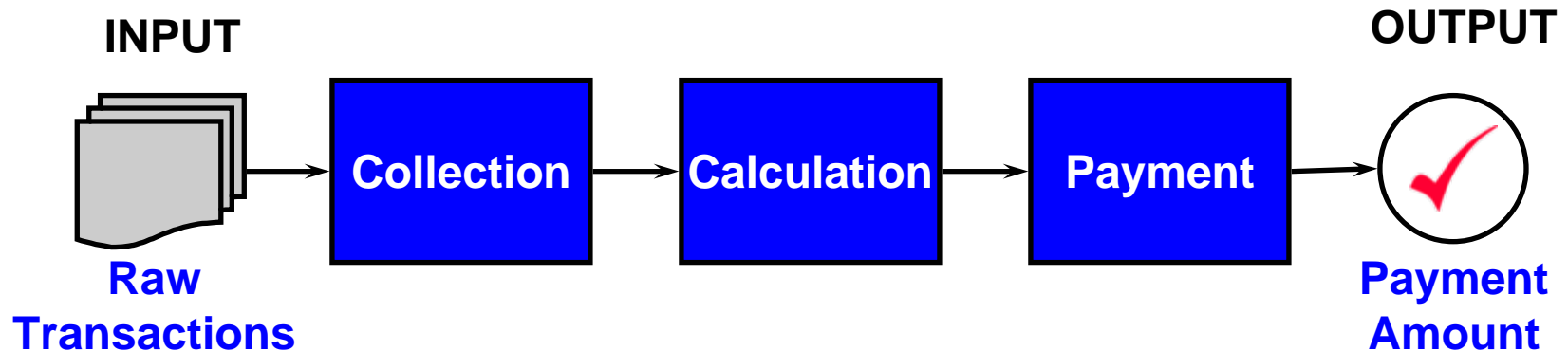
- **Rate Tables**
  - Rate tables are composed of tiers with associated rates.
  - Rates can be percentages or specific amounts, which are used to calculate commissions.
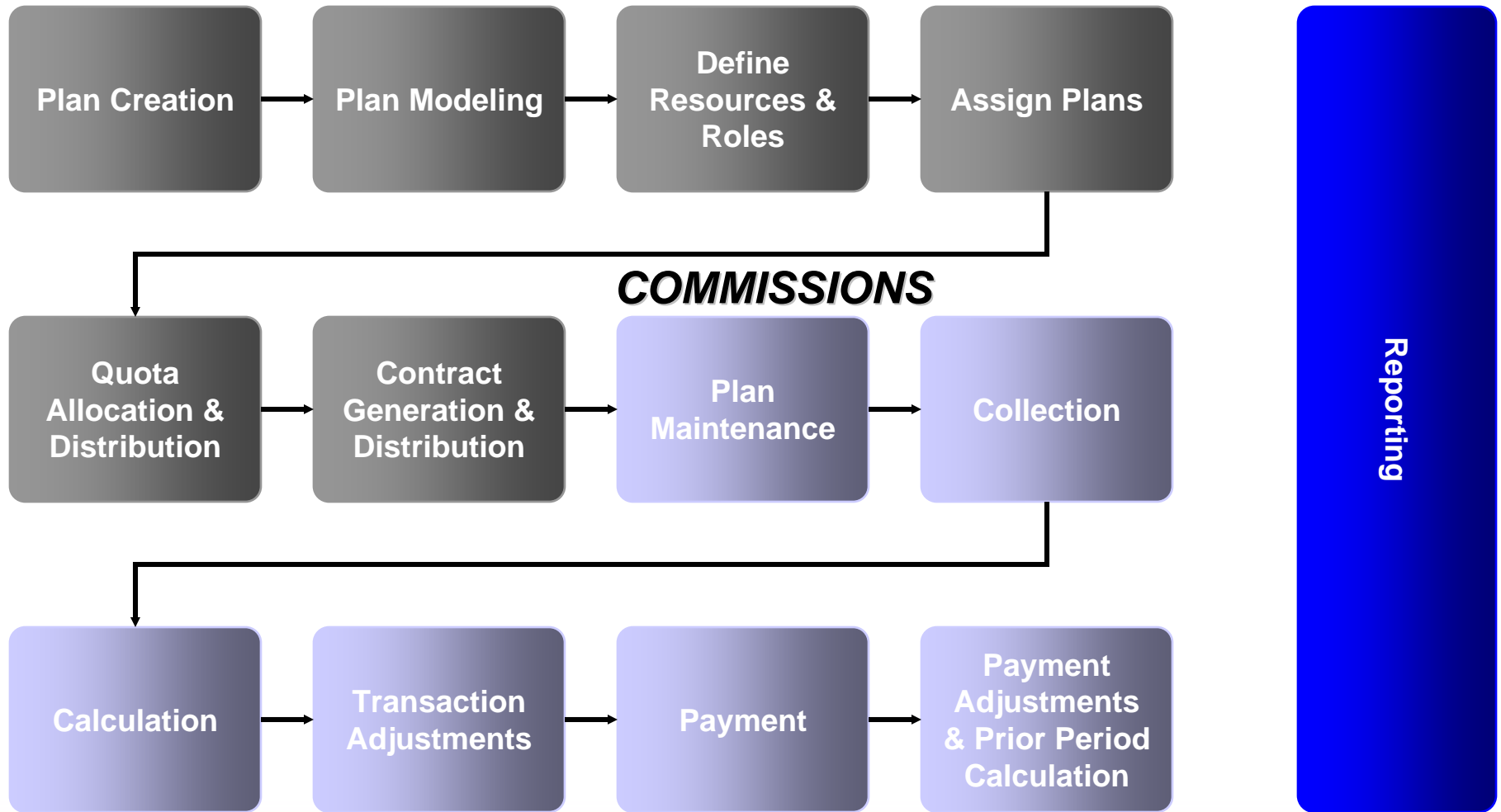 - Rate tables are composed of one or more rate dimensions.
- **Dimensions**
  - testttttt

Compensation Process Overview

- The basic steps in the Oracle Incentive Compensation process are as follows:

**INPUT**   **OUTPUT**

```
Raw              →   Collection   →   Calculation   →   Payment   →   ✔
Transactions
```

Raw Transactions   **Payment Amount**

Compensation Process Overview

PLANNING

Plan Creation → Plan Modeling → Define Resources & Roles → Assign Plans

COMMISSIONS

Quota Allocation & Distribution → Contract Generation & Distribution → Plan Maintenance → Collection

Calculation → Transaction Adjustments → Payment → Payment Adjustments & Prior Period Calculation

Reporting

Collection

– Once an event is triggered to begin collections, the transaction data that is required by OIC for compensation calculation can be collected from both legacy and seeded transaction sources (AR and OM) and transferred into OIC.

– When the collections process has been completed, the transactions can be checked by running the Unprocessed Transaction Report, and any necessary adjustments can be made.

– The Load process validates transactions and formats them for calculation. This is done using the Transaction Interface Loader.

```
Collection     →    Collect    →    Load
Trigger             Data            into OIC
```
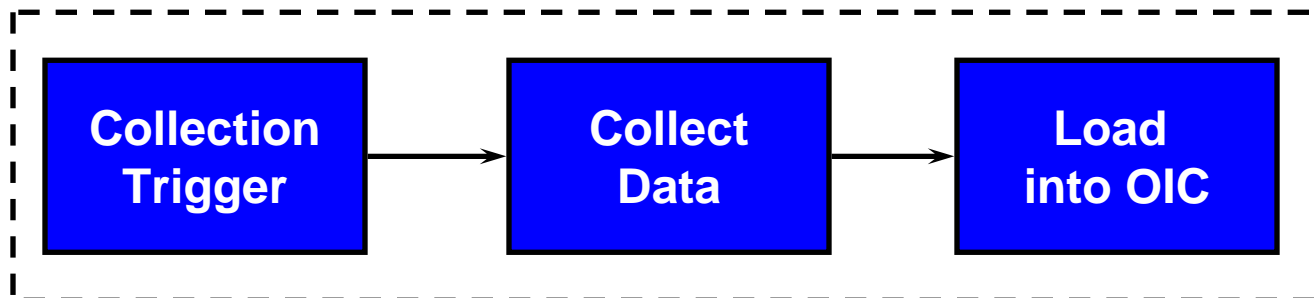
Calculation

- **Key Phases of Calculation**
    - **Classification phase:** OIC classifies the transaction based on the classification rules that have been defined. Each transaction attribute value is compared against the classification rule hierarchy. Where a successful match is found OIC assigns a Revenue Class and the status is Classified.
    - **Rollup phase:** OIC runs a process to determine all salespeople who should receive credit for this transaction based on a) the rollup date, and b) the salesperson hierarchy effective for that date. For every credit receiver, OIC creates a new system-generated transaction and the lines are marked as Rolled Up.

| Classification | → | Rollup | → | Population | → | Calculation |
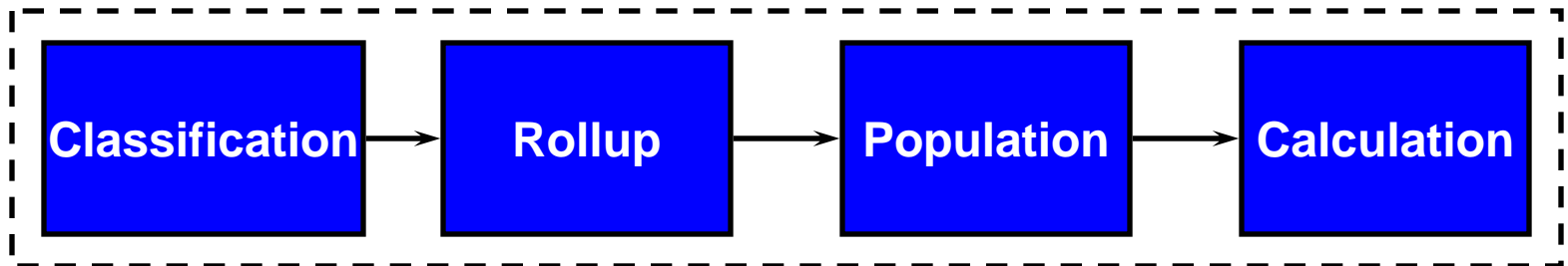
Calculation ..

- **Key Phases of Calculation**
  - **Population phase**: OIC identifies the appropriate plan elements/revenue class that are associated with the salesperson. If the transaction revenue class matches that in the salesperson's compensation plan, 'population' is successfully populated.
  - **Calculation phase**: If transaction successfully populates, calculation is performed. Based on the information gathered in prior phases of the calculation, OIC performs the calculation on all transactions for sales people specified for the period. It totals the credit for the transaction, checks against the accumulated quota figure to determine the rate tier, calculates the final commission amount, and updates the commission due amount. OIC displays a status of Calculated in the transaction status.

```
Classification  →  Rollup  →  Population  →  Calculation
```
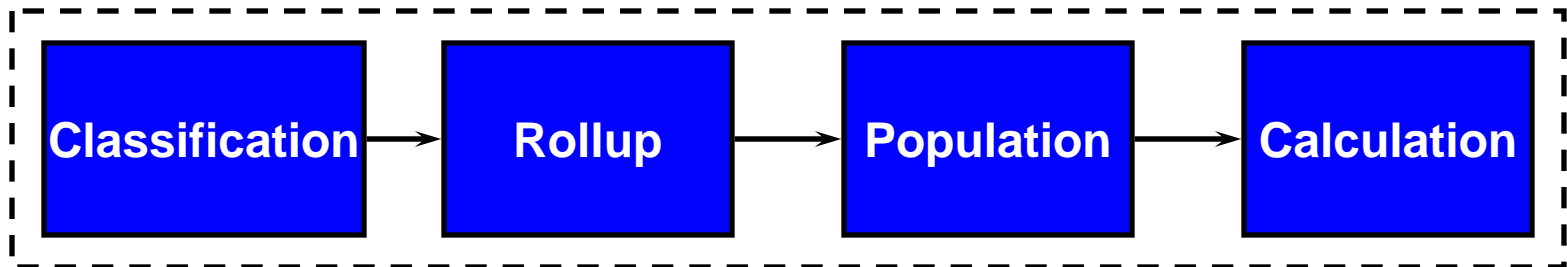
Payment Process

- The payment process identifies who is to be paid (through the use of a pay group) for what transactions (through the period) and when (through the pay date).

- Payment collects the total amount to be paid to each individual and processes the payment to send to Payroll, Accounts Payable, or the third party payment system being used.

Payment Process ..

- **Steps in the Payrun Process**
    - **Create Payrun:** When you create a payrun you can select a specific pay group and pay all salespersons in this group, or you can pay just one or more salespeople by selecting them and creating a list (Payrun Summary)
    - **View and check Payrun details:** You can drill down from the Payrun summary screen to see who has been paid and the amounts..
    - **Run the 'Pay Payrun' request:** Once you have checked the details and are happy the figures are correct, you need to run the 'Pay Payrun' program in OIC. This process will calculate a figure for the month end balance and carry the correct ending balance figure forward to the beginning of the next month.
    - **Send to Payroll:** the last stage of the payrun process is to send the payrun data to the Payroll system. OIC is integrated with Oracle Payroll, Accounts Payable, and its payrun files can be send to 3rd party payroll systems as well.

Create Payrun	→	Adjust Payrun Details	→	Run Payrun Request	→	Send to Payroll
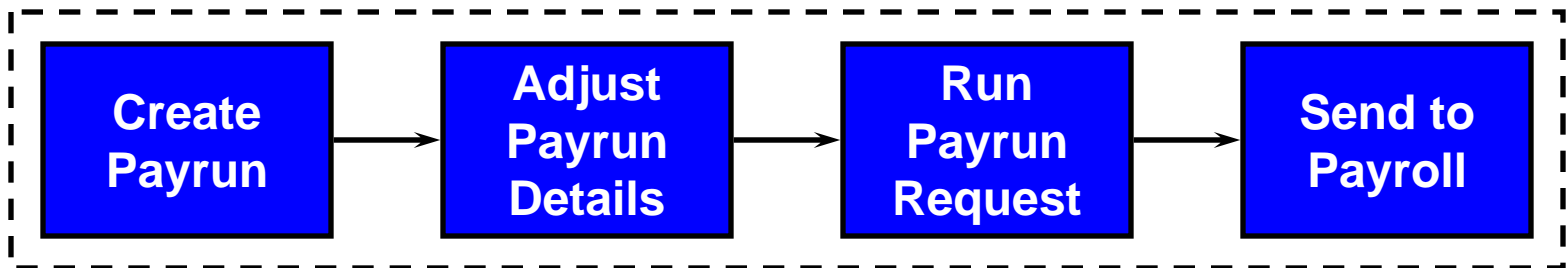
Reporting

- Reports?

Lessons Learned