The State of Global Enterprise Sales Performance 2021

Xactly®

Contents

Letter from the Founder and CEO of Xactly Corporation

Sales is the lifeblood of the revenue funnel, and has been an industry traditionally stereotyped by in-person meetings, backslapping and closing deals on the golf course. The last year has turned that upside down.

Now, in the midst of historic volatility, growth leaders are expected to make real-time, strategic decisions to keep their organization on track, while attempting to plan and forecast for the ever-changing future.

At the same time, widespread remote workforces have forced organizations to become more agile and reinvent processes and talent management systems.

To get a pulse on how sales and revenue leaders at enterprise organizations have advanced their digital transformation journey in the face of unrelenting disruption, Xactly surveyed over 2,000 sales decision-makers in the US, Canada, Germany, France, and the UK. The results showed that while the pandemic accelerated digital transformation and introduced unforeseen challenges, it also presented exciting opportunities to those who embraced the changes.

Yet despite advancements in automation and heightened pressure to succeed, companies still struggle to understand their data and deliver on revenue targets. Too many organizations fall short in forecasting and hitting their numbers because their revenue funnel is missing a key component: the ability to capture and effectively use data.

This speaks to a vital area for growth our research uncovered. Until sales organizations reject the status quo by better integrating data, they will limit their ability to optimize the revenue funnel through digital transformation.

Despite the significant challenges our industry faces, I couldn't be more excited about the future. Progressive revenue leaders are moving beyond the 'old ways' of pipeline management and forecasting, to modern, technology-driven methods to predict and improve revenue generation. The way of the future is intelligent revenue, optimization and performance, and I'm proud to be on this journey with you.

Chris Cabrera
Founder and CEO, Xactly

75% of respondents **changed revenue goals** in the wake of the pandemic.

31% of organizations were very prepared for remote work at the start of the coronavirus pandemic.

Top challenges to achieving sales goals

▶ **33%** lack of in-person meetings with clients

▶ **28%** budgetary constraints

▶ **27%** lack of in-person meetings internally

Top barriers to organizations' advancing in automation and data-driven decision-making

▶ **32%** cost and budgetary constraints

▶ **27%** legacy systems and organizational silos

▶ **22%** lack of buy-in from company leadership

The most influential factors in sales planning decision-making
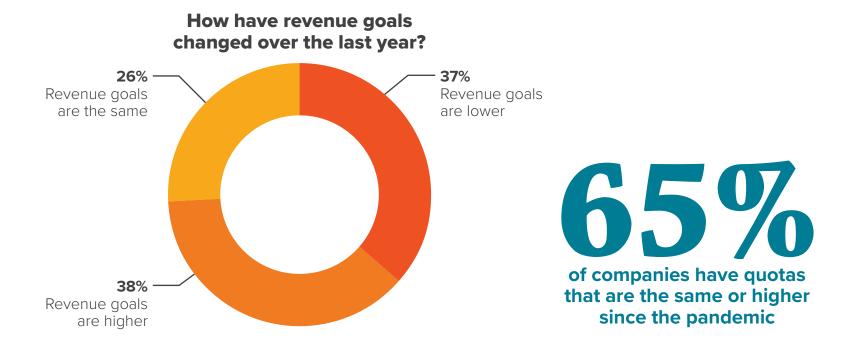
▶ **29%** doing things the way "they have always been done"

▶ **28%** data analytics and intelligent analysis

▶ **24%** gut feeling

58% of sales decision-makers said salespeople chose to depart their teams at higher rates than normal in the last 12 months.

Volatile Revenue Goals & Ambitious Sales Quotas Put Pressure on Sales Leaders

Sales Organizations Navigated **Unprecedented Disruption** in the Last Year

A vast majority of organizations changed both revenue goals and sales rep quotas in response to the pandemic. Both went down in the UK, Germany and Canada while increasing in the US and France. About half of surveyed decision-makers said less than 50% of their sellers performed at or above quota.
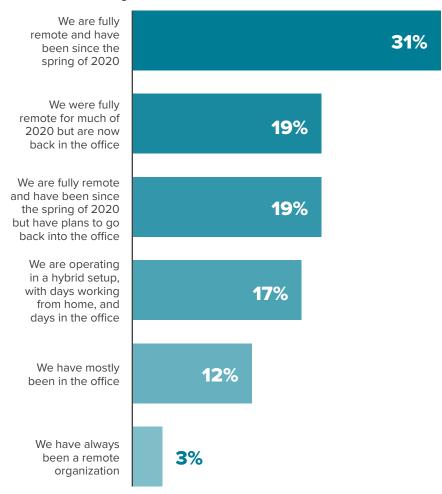
How have revenue goals changed over the last year?

26%
Revenue goals are the same

37%
Revenue goals are lower

38%
Revenue goals are higher

65%

of companies have quotas that are the same or higher since the pandemic

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The Way Salespeople Work Has **Changed Dramatically**

The onset of the pandemic sent the majority of sales teams to a remote work environment, with more than 30% lacking plans to go back to the office. One in five are fully remote now and plan to go back to the office.

What is your current work environment?

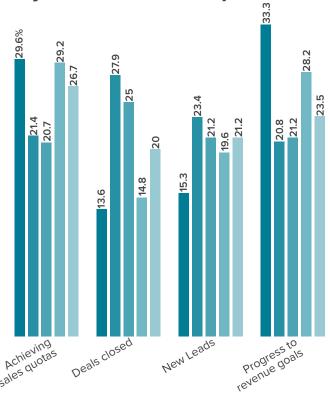| Work environment	Percentage
We are fully remote and have been since the spring of 2020	31%
We were fully remote for much of 2020 but are now back in the office	19%
We are fully remote and have been since the spring of 2020 but have plans to go back into the office	19%
We are operating in a hybrid setup, with days working from home, and days in the office	17%
We have mostly been in the office	12%
We have always been a remote organization	3%

In France, 39% of surveyed organizations were fully remote for much of 2020 but are now back in the office, much higher than in the other four countries surveyed, including the US where that number is only 18%.
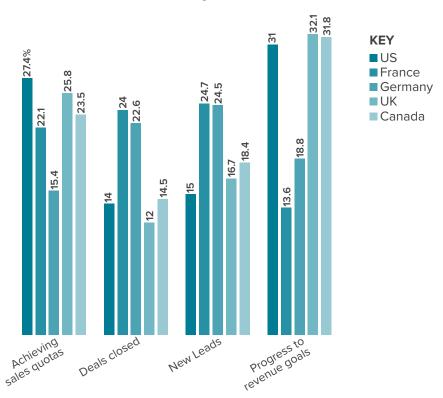
Sales Teams Measure Success Differently By Country

With all of the disruption wreaked by the pandemic, certain aspects of sales remain unchanged. For example, the most commonly used measures of team success are the same pre-COVID as they are today: progress to revenue goals and achieving sales quotas, followed by new leads and deals closed. In France, progress to revenue goals was never the top measure and declined even further to only 14%, significantly lower than in Canada (32%), UK (32%) and the US (31%).

What has been the biggest measure of your team's success pre-COVID?

	Achieving sales quotas	Deals closed	New Leads	Progress to revenue goals
US	29.6%	13.6	15.3	33.3
France	21.4	27.9	23.4	20.8
Germany	20.7	25	21.2	21.2
UK	29.2	14.8	19.6	28.2
Canada	26.7	20	21.2	23.5

What has been the biggest measure of your team's success in today's environment?

	Achieving sales quotas	Deals closed	New Leads	Progress to revenue goals
US	27.4%	14	15	31
France	22.1	24	24.7	13.6
Germany	15.4	22.6	24.5	18.8
UK	25.8	12	16.7	32.1
Canada	23.5	14.5	18.4	31.8

KEY
- US
- France
- Germany
- UK
- Canada

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Knowledge Is Power for Successful Sales People

Opinions are mostly evenly distributed when it comes to the most important quality required to be a high-performing sales person. But one did rise above the rest: 24% of respondents say that knowledge of the product, industry and customer needs is the top priority.

What is the most important aspect of a high-performing salesperson?

Aspect	Percentage
Knowledge of the product, industry and customer needs	24%
Persistent and resilient	14%
Competitive drive	11%
Existing contacts and connections	11%
Outgoing and socially confident	10%
Proficiency and familiarity with digital tools	9%

Top Performing Sales Reps Are
Motivated By Compensation and Competitive Drive

Overall, sales rep motivations were not changed by the pandemic, with progress toward quota and promise of fair pay, commission and bonuses topping the list. Again, a closer look around the world and within industries shows some larger disparities. In France, competitive drive is much higher than in the other four countries that were surveyed, especially Germany and Canada.

What most motivates you to close a deal?

US
19, 19.4, 22.7, 15.9, 11.9, 10.9

Germany
11.5, 28.8, 21.2, 20.2, 13.9, 4.3

France
22.7, 22.7, 21.4, 13.6, 14.3, 5.2

UK
17.7, 20.1, 20.1, 20.1, 11.5, 10.5

Canada
9.8, 20.8, 32.9, 16.5, 9.4, 10.6

KEY
- Competitive drive
- Promise of fair pay, commission and bonuses
- Making progress towards your quota
- Establishing a new personal, customer connection
- Passion for your organization's product or services
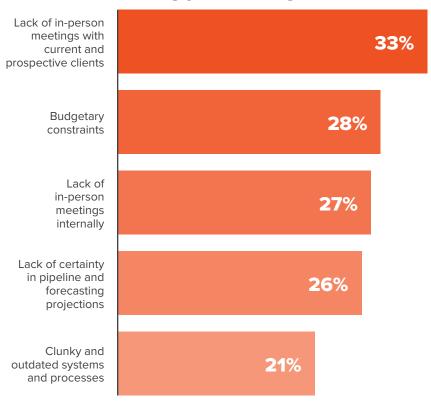- Helping your company achieve organizational goals

In the food and beverage industry, **making progress towards quota rose from 14% pre-COVID to 33% today** and is now the top motivator.

Despite More Complexity, Remote Work Presents New Opportunities

Thrust Into the World of Remote Work, Enterprise Sales Teams are **Grappling with New Challenges**

Half of revenue leaders say it's now more difficult than ever to forecast bookings. Among companies with more than 5,000 employees, the number rises to 59%.

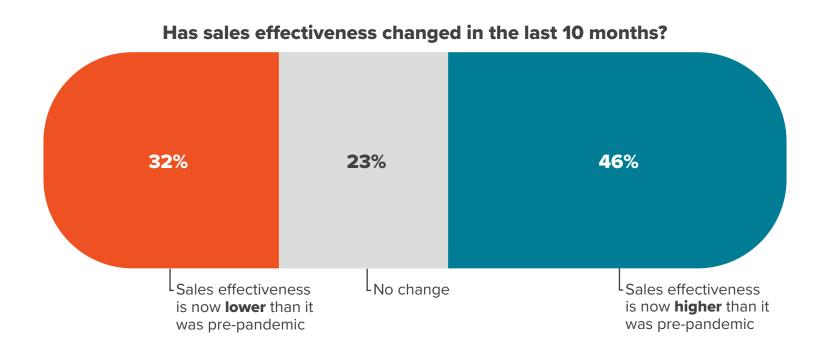## What are the top challenges to achieving your sales goals?

Challenge	%
Lack of in-person meetings with current and prospective clients	33%
Budgetary constraints	28%
Lack of in-person meetings internally	27%
Lack of certainty in pipeline and forecasting projections	26%
Clunky and outdated systems and processes	21%

CUSTOMER SPOTLIGHT

"Sales forecasting is historically ineffective—clunky, shockingly manual, and largely inaccurate. It's no surprise that many organizations have struggled to forecast bookings in the last year. At HERE Technologies, our team has been able to link sales data from Xactly's platform with Salesforce Einstein. By leveraging data and artificial intelligence, we have been able to forecast the likelihood of closing a deal with 98% accuracy, despite our entirely distributed workforce."

— **Todor Atev**, *Senior Director of Finance*, HERE Technologies

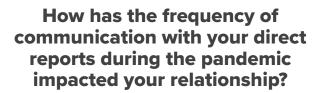# Remote Work Presented **New Opportunities** in Enterprise Sales

Sales effectiveness has, on balance, improved, with 46% of sales decision-makers reporting that it is now higher than it was pre-pandemic. Hardware (48.6), software (49.6), technology (50.4) and IT services (53.1) report significant improvements in sales effectiveness. The food and beverage industry is the only industry that reports significantly lower sales effectiveness in the last 10 months.
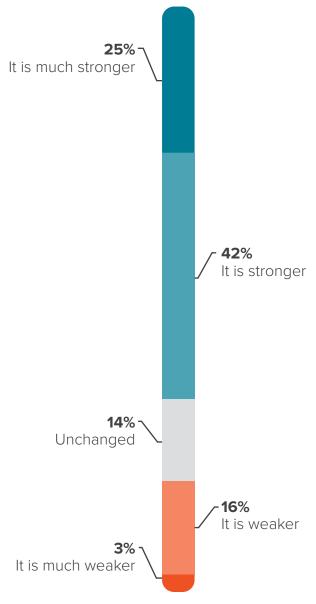
Has sales effectiveness changed in the last 10 months?

32%	23%	46%

Sales effectiveness is now **lower** than it was pre-pandemic

No change

Sales effectiveness is now **higher** than it was pre-pandemic

The Pandemic Has Strengthened Relationships
Among Sales Teams

Two-thirds of surveyed sales decision-makers report that their communication with direct reports has become more frequent since the onset of the pandemic and the same number say frequency of communication with their direct reports has made their relationship stronger.

Nearly 20% say that their relationship with direct reports **has gotten weaker**.
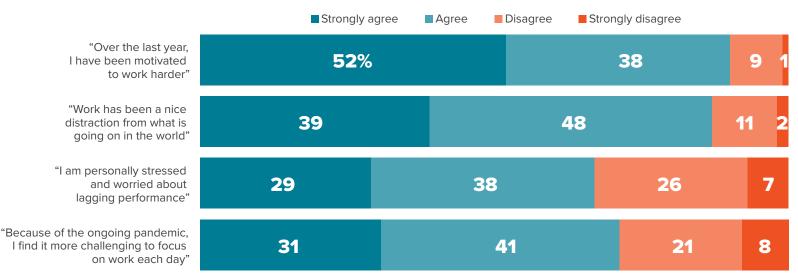
How has the frequency of communication with your direct reports during the pandemic impacted your relationship?

25%
It is much stronger

42%
It is stronger

14%
Unchanged

16%
It is weaker

3%
It is much weaker

In a Year Marked by Tension and Complexity, **Sales Leaders Reported Conflicting Feelings About Work**

Overwhelming majorities of surveyed decision-makers say that over the last year, they have been motivated to work harder and that work has been a nice distraction from what's going on in the world. Yet they also find it more challenging to focus on work each day and are personally stressed and worried about lagging performance.

Sales leaders' views on working during the pandemic

■ Strongly agree   ■ Agree   ■ Disagree   ■ Strongly disagree

Statement	Strongly agree	Agree	Disagree	Strongly disagree
"Over the last year, I have been motivated to work harder"	52%	38	9	1
"Work has been a nice distraction from what is going on in the world"	39	48	11	2
"I am personally stressed and worried about lagging performance"	29	38	26	7
"Because of the ongoing pandemic, I find it more challenging to focus on work each day"	31	41	21	8

There Is Disagreement Around Making Some Workplace Changes More Permanent

New flexibilities with employee location and in-person meetings are polarizing issues across countries, industries and demographic groups.

Sales leaders are divided on flexibility

Unhappy if flexibility continues		Happy if flexibility continues
37%	Employee location	**48%**
44%	Internal meetings	**47%**
39%	External meetings	**40%**

It's Been a
Volatile Year
for Talent

Sales rep turnover is higher than ever. Over the last 12 months organizations have exited sales reps, and sales reps have voluntarily left their companies, at higher rates than usual.

Finance, technology, IT services, and software companies had the highest rates of salespeople being exited.

Voluntary departures were highest among technology and software companies, at **67%**

Did you experience a higher rate of voluntary sales rep turnover in the last year?

No, we did not experience a higher rate of departures in the last 12 months

42%

58%

Yes, sales people chose to depart our team at a higher rate than normal in the last 12 months

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Tech Adoption is on the Rise—but There's Still an Over-Reliance on Gut Instinct

Organizations Were at Least **Somewhat Prepared** for the Move to Remote

One in five organizations were caught flat-footed and had to create a patchwork of tools and protocols to support widespread remote work. Companies in France and Germany were "not prepared at all" at higher rates than North America and the UK.

How prepared was your organization for widespread remote work?

Somewhat prepared; we had already begun to invest in digital tools

| 17% | 51% | 31% |

Not prepared at all; we had to create a patchwork of tools and protocols

Very prepared; we had a full suite of tools and technology available to us when we had to go remote
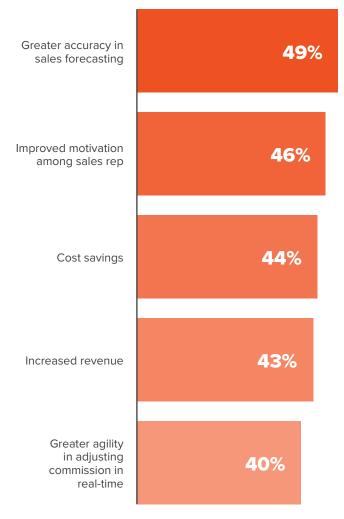
CUSTOMER SPOTLIGHT

"We implemented Xactly in December 2018. **Our business was strong prior to the pandemic, but widespread remote work skyrocketed demand for Zoom's services, and the sales team was inundated, achieving more than 350% year-over-year revenue growth.** Because we embraced Xactly and digital transformation in sales prior to the pandemic, we were able to automate many of the previously manual processes and meet steep demand."

— **Yongmei Mou**, *Sales Compensation Lead*, Zoom

What's Driving –and Standing in the Way of–**Tech Adoption**

Top drivers of technology adoption include greater accuracy in sales forecasting, improved motivation among sales representatives, and cost savings—which barely eked out increased revenue. On the other end, top barriers to organizations' advancing in automation and data-driven decision-making are cost and budgetary constraints at 32%, followed by legacy systems and lack of buy-in from company leadership.

What are the top 5 drivers of technology adoption for your sales organization?

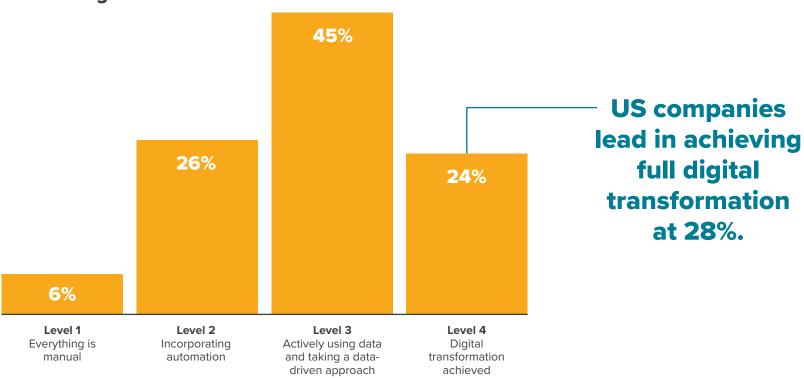| Driver	Percentage
Greater accuracy in sales forecasting	49%
Improved motivation among sales rep	46%
Cost savings	44%
Increased revenue	43%
Greater agility in adjusting commission in real-time	40%

The #1 barrier to advancing in automation and data-driven decision making are **cost and budgetary constraints**.

Software Integration Was Not Impacted by the Pandemic

Surprisingly, most surveyed decision-makers said the pandemic did not have a major impact on their organizations' integration of various software solutions and data-driven processes. However, the largest change was in Level 4, with a five point increase from pre-COVID levels, to 24%.
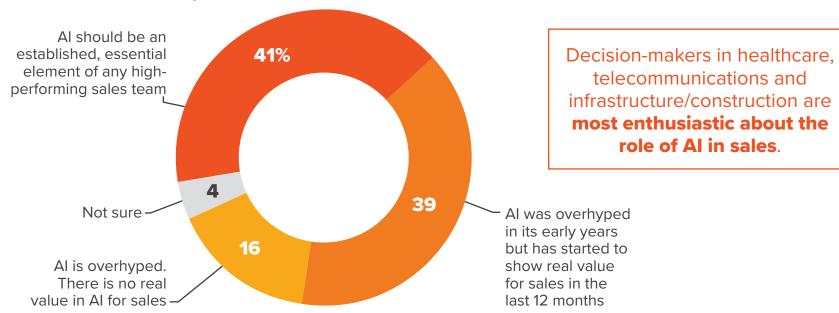
Where would you rank your sales organization in its integration of numerous software solutions?

Level 1	Level 2	Level 3	Level 4
6%	26%	45%	24%
Everything is manual	Incorporating automation	Actively using data and taking a data-driven approach	Digital transformation achieved

US companies lead in achieving full digital transformation at 28%.

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Now More Than Ever, Sales leaders See **Real Value in Automation**

Sales decision-makers generally have a very positive attitude toward the role of automation in sales, with 41% saying that AI should be an established element of any high-performing sales team and a similar number concluding that, while AI was overhyped in its early years, it has started to show real value for sales in the last 12 months.
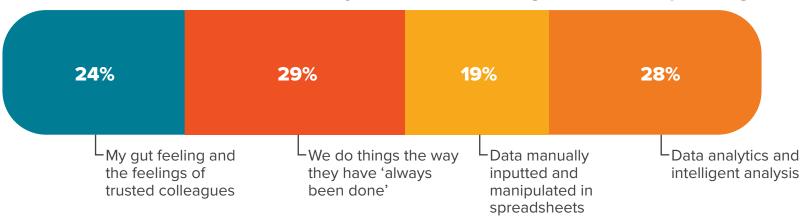
How do you feel about the role of AI in sales?

AI should be an established, essential element of any high-performing sales team

41%

Not sure

4

AI is overhyped. There is no real value in AI for sales

16

39

AI was overhyped in its early years but has started to show real value for sales in the last 12 months

Decision-makers in healthcare, telecommunications and infrastructure/construction are **most enthusiastic about the role of AI in sales**.

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Gut Feelings Still Play a Major Role in Sales Decision Making

When asked about the most influential factor in decision-making around sales planning (territory, quotas or headcount capacity), 29% stay in the mode of doing things the way they have "always been done". Only 28% rely on data analytics and intelligent analysis, with 24% relying on gut feelings or trusted colleagues to make decisions.

What is the most influential factor in your decision making around sales planning?

24%	29%	19%	28%

My gut feeling and the feelings of trusted colleagues

We do things the way they have 'always been done'

Data manually inputted and manipulated in spreadsheets

Data analytics and intelligent analysis

The software industry (12% pre-COVID, 23% today) and **the food and beverage industry** (18% pre-COVID, 32% today) **recorded the biggest jumps** in relying on data analytics and intelligent analysis over the last year.

We know sales will not revert to being exactly the way it was, but no matter where the industry lands, the last year has proven that sales organizations are built to withstand change.

However the future of work evolves, there is clear room for growth in leveraging technology when it comes to sales planning and forecasting, especially knowing that it is now more difficult to forecast bookings.

And considering that a majority of sales leaders recognize the value of AI in sales, we could be at an inflection point in the adoption of data and automation in sales forecasting.

What the industry will have to overcome, however, is a tendency to be stuck in its ways—doing things as 'they have always been done' and relying on gut instinct. By embracing continued change, sales leaders will rise above the competition and position their organization for long-term success.

Demographics & Methodology

In February 2021, Zogby Analytics was commissioned by Xactly to conduct an online survey of enterprise sales decision-makers in Canada, Germany, France, UK, and the US. Using internal and trusted interactive partner resources, thousands of individuals—Chief Sales Officers, Chief Marketing Officers, and other sales decision makers like VPs, directors, officers and managers—were randomly invited to participate in this interactive survey. Each invitation was password coded and secure so that one respondent could only access the survey one time.

Based on a confidence interval of 95%, the margin of error for the total sample of 2030 is +/- 2.1 percentage points. This means that all other things being equal, if the identical survey were repeated, its confidence intervals would contain the true value of parameters 95 times out of 100. Margins of error for country samples are presented in the table below:

Country	Sample Size	Dates	Margin of Error
Canada	255	2/11/21 – 2/14/21	+/- 6.1 Percentage Points
Germany	208	2/17/21 – 2/18/21	+/- 6.8 Percentage Points
France	154	2/17/21 – 2/18/21	+/- 7.9 Percentage Points
UK	209	2/11/21 – 2/14/21	+/- 6.8 Percentage Points
US	1204	2/11/21 – 2/14/21	+/- 2.8 Percentage Points

Most (35%) surveyed decision-makers in the combined sample report to their Chief Executive Officers and half (49%) have 100 or more people report to them. IT services, technology, finance/banking, retail and software are the most represented industries. A majority belongs to organizations with 500 million or more in annual revenue (54%) and 2,000 or more employees (60%).

Sample Characteristics		Frequency	Valid Percent*
Sample size		2030	100
Age	18-35	894	44
	36+	1130	56
	Did not answer	6	—
Country	Canada	255	13
	France	154	8
	Germany	208	10
	UK	209	10
	US	1204	59
Position	Chief Sales Officer (CSO)	474	23
	Chief Marketing Officer (CMO)	370	18
	Other sales decision maker, e.g. VP, director, officer, manager	1186	58
Company's Annual Revenue	$200M – 250M	382	19
	$251M – 500M	543	27
	$500M – 1 Billion	642	32
	> $1 Billion	463	23
Number of Employees	500 – 1,000	416	21
	1,001 – 2,000	400	20
	2,001 – 3,000	309	15
	3,000 – 5,000	423	21
	> 5,000	482	24
Gender	Male	1313	65
	Female	710	35
	Non-binary	7	< 1

Xactly empowers growing enterprises to effectively manage their revenue generation. Xactly's revenue performance platform carries organizations through the full revenue lifecycle by focusing on planning, territory and quota, incentives, pipeline management and forecasting from initial strategy development through execution and prioritization of all aspects of revenue optimization. Harnessing the power of AI, Xactly's scalable, cloud-based platform combines great software with the industry's most comprehensive 16-year data set to give customers the trusted insights they need to improve sales performance and grow revenue.

Learn more about how you can redefine Revenue Performance or schedule time with one of our consultants today.

Xactly®