



# COMARCH COMMISSION & INCENTIVE

## Challenges and possibilities



"It is a sales crisis not a costs crisis. Companies will not be able to deal with a 30-40% drop in turnover by only decreasing their costs. They have to do something to increase sales."

*Prof. Hermann Simon, Simon-Kucher & Partners Strategy & Marketing Consultants Chairman.*

Under any economic conditions internal competition between sales forces, based on the co-existence of new alternative distribution channels and external competition, involving various companies and capital groups, has a significant impact for the market situation. Creating new sales structures is becoming increasingly harder. It is not easy to find and keep experienced sales staff and managers. Dynamic conditions for multi-channel sales forces, which drive the distribution of the changing products portfolio, require the need to search for optimal sales incentives system. An increasing level of advancement in commissions systems, which are undergoing constant changes, means that their handling using spreadsheets, simple databases or older applications is becoming hardly possible.

### Organizing cooperation with sales forces

The increasing demand for fast sales efficiency information delivery is a growing challenge for today sales networks. Both the sales managers and the intermediaries are interested in up to date results. The production systems are not able to fulfill this challenge. The **Comarch Commission & Incentive** solution solves this issue. The system provides an information portal for sales staff, managers and intermediaries.

### Creating new incentive programs

Financial institutions have worked out individual remuneration programs, which often introduce new and advanced commissions algorithms. The implementation of innovative schemes for optimal sales network remuneration requires the use of highly efficient software, which is able to deal with the complicated rules of remuneration allocation. The **Comarch Commission & Incentive** system is based on a multi-dimensional model of commissions calculation and uses more than two hundred calculating functions. It ideally fits the needs of financial institutions and a trend to stress on the development of active sales networks.

### Flexibility of the solution

The **Comarch Commission & Incentive** is based on the calculating engine supported by a comfortable algorithm configuration program for calculating commissions. Algorithms are created by business users who can use a rich set of mathematical, logical and business functions available to them. Additionally, the calculating engine can be used when counting points under incentive, promotional and loyalty programs.

## Basic business processes

The **Comarch Commission & Incentive** system reflects the general business principles of characteristic for most financial institutions that use a developed distribution network of insurance agents, financial advisors or other intermediaries.

### Sales analysis and goal realization

Every day the system gathers business information from many data sources, such as core production systems, data warehouse and batch files from cooperative institutions. Previously sent data that has been corrected can also be downloaded to the system. The achievement of the sales goals for individual sales agent as well as for whole sales structures (e.g. teams, departments) is calculated based on this information. Sales results, calculated points and remuneration data become immediately available for sales agents and managers.

### Calculating commissions and points

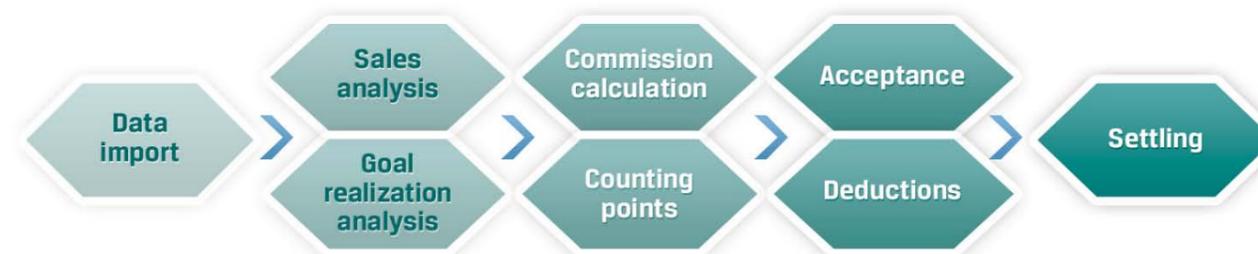
In the next step, in accord with the algorithms in effect for the given period, direct commissions and overrides from sales are calculated. Bonuses for sales agents and overrides for managers are calculated at defined business periods (e.g. a month, quarter). Bonuses depend on the sales results or the activity of the sold products. The **Comarch Commission & Incentive** calculates the size of the lump sum as well as the refund of agency costs.

### Calculating salaries

An accepted invoice is immediately decreed in the accounting system. At the same time the agent accepts the invoice from the system. It can be printed, signed and sent back to the financial institution or digital signature can be used by the agent. A transfer order is sent to the system responsible for the realization of transfers. An automatically received confirmation of the transfer completion allows for the immediate agreement of payments with invoices and the closing of the account.



Comarch Commission & Incentive system functional schema



Business process

## System functionality

- >> **Sales network data integration** – a single database of all the sales network units including signed contracts and annexes,
- >> **Sales goals for structures as well as individual categories of agents definition** – defining a set of schemes of the sales goals for individuals, groups of agents and managers
- >> **Product data repository** – the **Comarch Commission & Incentive** provides access to one collective sales data repository
- >> **Flexibility of implementing a commission policy** – calculation and settlement in accord with selected type of commission and bonus scheme
- >> **Up to date sales results for sales network** – takes an active role in the motivation of agents and team managers. Daily reports can be sent by email or SMS
- >> **Sales network training** – end to end service of the training process, starting with a record of all trainings and target group selection, through the registration of participants and choosing grade criteria, ending with the entry of results, their analysis and settlement
- >> **Mass printing** – collective printing of documents registered in the context of the given sales network unit (contracts, annexes, permission and other templates defined by the system)
- >> **Information exchange with the supervisory authorities** – data exchange interface with the Financial Supervision Authority (data of insurance agents, bank advisers and employees of other financial institutions).

## Business and operational advantages

Advantages gained by the bank, the insurance or distribution company, when deciding to implement the **Comarch Commission & Incentive** system, include:

- » the possibility to constantly perfect the commissions policy in order to point agents in the right direction with regards to their actions,
- » division the processes of the calculation and settlement of commissions,
- » automation of the calculation as a result of corrections in sales data,
- » delivering fast and reliable information about current sales results and owed commissions for the agents,
- » reduction of the scale of incorrect settlements,
- » centralization of the settlement service while retaining the necessary minimum dispersed activities (e.g. numbering commissions invoices).

The goal of implementing the Comarch Commission & Incentive system is to achieve a significantly increased efficiency of business process management and motivation for sales forces, which will increase client portfolio quality and business profitability.

Wide possibilities for the parameterization of commissions algorithms:

- » bonuses for agent's **quantitative results** including the realization of current and/or cumulated sales goals: bonuses for product activity, e.g. from payment using a credit card, account turnover, repayment of instalments, premium collection, fees, additional payment,
- » bonuses for sellers' **qualitative results**, e.g. customer retention, lapses, bad credits level in the intermediary portfolio, claims ratio,
- » bonuses for the **structure of the product and client portfolio**, this means commission for the sales of a given product dependent on the sales results of other products,
- » **commissions plans** – commissions allocated for a set number of years ahead with the possibility of settlement when the premium collection for the next financial period comes up,
- » **commissions split** – splitting commissions between agents and managers cooperating on the sales of the given product,
- » **extra commission for the sale of a particular product** – divided between an unlimited number of managers who make up the hierarchical structure above the agent in question,
- » **commissions paid in instalments**, e.g. at the moment of making a set payment, repayment of a credit rate in accord with instalment plan, in the case of insurance business e.g. first year bonus, second year bonus.

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