

Customer Reference

OUTLIERS Success Story

Izzi Telecom

*Interview with Jesús López
Director of Variable Compensation*

Industry:
Telco

Solution:
SAP Commissions

ABOUT IZZI TELECOM

IZZI is a Mexican telecommunication service operator owned by Grupo Televisa, which operates under the trademark IZZI TELECOM and is listed on the Mexican stock exchange under the key "CABLE"4 5.

IZZI Telecom offers mobile plans, phone, internet and cable television services to both B2C and B2B segments, with coverage in Mexico City and its metropolitan area and expanding to the rest of the country through its subsidiaries.

With the integration of the companies Cablecom, Cablevisión, Cablemás and Telecable, today IZZI offers its services in more than 60 cities in 29 states of the Mexican Republic, through a network of more than 30,000 kilometers of optical fiber and 77,000 kilometers of coaxial cable.



About the interviewed: Jesús López

Director of Variable Compensation at IZZI Telecom

Jesús López is in charge of variable compensation management with more than 15 years of experience from the design, evaluation, management, implementation and execution of schemes, policies and tools that optimize processes at IZZI Telecom.

THE PROJECT

Why is the variable compensation so important in IZZI Telecom?

We have understood that the sales and revenue department is our business cornerstone. That is why it was so important of us to motivate those sales by providing more visibility and transparency on the way our teams are rewarded for their achievements.

In the telecommunications industry there are constant changes in offers and it is vital our workforce see these changes reflected in their pockets at the end of a time period if we want those new services to be launched successfully. We live in a highly competitive environment and we needed agility and accuracy in our incentive compensation management process. That is why we have decided to automate it.

“SAP Commissions has simplified everything we do today to calculate commissions quickly and efficiently”

THE CHALLENGES

Before using SAP Commissions, what were your main pain-points?

We were using Microsoft Excel to calculate our variable compensation and commissions, which sometimes resulted in over or under-payments due to manual entry errors. The lack of transparency with these payments led some employees to leave the company.

On the other hand, different areas of the company provided information to calculate payments, making our process complex. We decided to rectify this by finding a solution to increase payment visibility while allowing us to react very quickly to changing industry dynamics.

What was the outlook before starting this project?

Grupo Televisa acquired many companies in Mexico (Cablemás, Cablevisión, Cable Com) and little by little new services were acquired (internet, phone and mobile phone services). This led us to the fact that the variable compensation scheme was being reinforced and adding new variables. To illustrate, we have a presence in many cities and the compensation and each city's compensation is tropicalized. Not all cities have the same sales force, problems and services. In some regions, we had to adapt incentive plans to retain our sales force, for example, in the border areas with the United States or touristic areas.

Have you identified any specific challenges to the telecommunications industry?

Definitely, our industry presents several challenges when it comes to promoting sales. Plans have to be adjusted by profiles (cambaceo, branch staff etc.), by region, services, offer and not only the sale but the renewals. On the other hand, it is also necessary to consider cancellations to ensure commission calculations without errors. That is why the calculation of variable compensation becomes a long and complex process.

EVALUATION PROCESS

Why did Izzi select the SAP Commissions platform?

We made the decision to purchase the SAP®Commissions solution because it is named in the Gartner quadrant and has proven results in the Telco industry. It's a great platform for managing company compensation and incentive programs, helping calculate payouts, and offering flexibility in handling different variables. Another benefit we find is the integration with existing software, such as the SAP SuccessFactors® and SAP S/4HANA solutions.

Project Summary

- **Country:** Mexico
- **Industry:** Telecommunications
- **Practice:** Sales Performance Management (SPM)
- **Solution:** SAP Commissions
- **Number of licenses:** 1,700
- **Compensation Plans:** 3 (Distributors, Telesales, Advertising)
- **Components:** 44

Why did you choose Outliers Consulting to implement SAP Commissions?

We realized that for this type of project it is not enough to go to a renowned consulting company, but to "partners" truly committed to the solutions it implements. This is what we found with Outliers Consulting, since they have a team of experts in what was previously Callidus Cloud (now SAP Commissions) based in Mexico, and that has differentiated them from other consulting firms.

Thanks to their experience in the Telco industry, and as experts in Variable Compensation processes, Outliers Consulting supported us in presenting a very successful use case.

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OBTAINED BENEFITS

What are the benefits of using a variable compensation management solution?

There are 6 benefits that we have identified with SAP Commissions

1. **We have a unified system to calculate commissions** with fewer manual errors that supports complex incentive plans and very high volumes of information. Previously it took us 5 days to deliver commission calculations through multiple validation processes. Now we can deliver the information in less than 1 day with the peace of mind that the calculations are correct.
2. **More visibility into payments**, including additional commissions and bonuses, leading to higher employee satisfaction. Administrative and financial teams also benefit from the use of "dashboards" and reports provided by the platform.
3. **Greater staff retention**. Each seller can see what he earns and the detail by product, by bonuses, by automatic charges, etc... he always has visibility of his performance and what commissions he can aspire to. Our teams are more engaged and productive, as a consequence we have drastically reduced staff turnover as well as expenses derived from new hires and staff training.
4. **Better incentive strategies**. We now have greater analysis capacity to validate that the incentive plans we apply are appropriate for each region and service. By understanding how selling and commissions behave, we also understand the financial and business impact that a change in compensation plan can have.
5. **Flexibility**. We can adjust plans or implement new plans in an agile way according to market trends, promotions, new products, natural catastrophes, etc... Using SAP Commissions gives us the flexibility to adopt new commission plans in an agile way.
6. **Integration with other systems**. It was very positive for us that SAP Commissions could be integrated with the SAP SuccessFactors solution.

“Using SAP Commissions gives our sales force peace of mind that they are being paid the correct amount, that there is no reduction in their revenue, and that we have eliminated many payment inquiries.”

What was the biggest benefit of implementing SAP Commissions with Outliers Consulting?

The entire implementation process was a learning experience and thanks to Outliers Consulting we know how to adjust our compensation plans ourselves, since knowledge transfer work was carried out to give us this flexibility on a day-to-day basis.

LEARNED LESSONS

What recommendations would you make to a colleagues looking to improve their variable compensation processes?

My first recommendation is that they have to start automating their processes as soon as possible to avoid unnecessary expenses of overpayments and staff turnover. Spreadsheets are great tools but they have their limitations.

My second recommendation is that they rely on a specialized consulting firm, with references implementing the solution they choose.

We are very satisfied with the SAP Commissions solution and we were fortunate to work with a "local partner" (Outliers Consulting) which facilitated the success of this project.

Lastly, it is of the utmost importance that they have a person assigned internally to this project to ensure that it meets expectations.

It is not just about implementing a platform, but about implementing it based on your company's processes so that the technology fits your needs and not the other way around.



Challenges

- Long and complex manual process overpayments
- Multiple sources of information
- The complexity of Telco plans



Benefits

- Centralization of the incentive calculation process
- Transparency in calculations
- staff retention
- Greater visibility of the impact of commissions
- Flexibility to adjust plans

40%

Increased sales
force retention

1 day

To calculate the commissions
of the sales force versus 5
days before implementing
SAP Commissions

80%

Sales performance
improvement

About SAP Commissions

SAP Commissions® is a leading solution in the market, recognized by Gartner for its ability to handle any type of variable payment scheme and rules. The platform allows adding high value to the business by boosting the sales cycle.

About Outliers Consulting

+ 60 consultants

certified in Sales Performance
Management Solutions

+ 15 years of experience

Implementing variable compensation
projects in Latin America

Best SAP Partner 2019

Headquartered in Mexico with offices in the US, Canada, Brazil and Colombia, Outliers Consulting offers a broad portfolio of IT solutions to help companies optimize their growth through world-class software.

Outliers' team of experts has the ability to integrate all corporate processes and software with each other to ensure as little human interaction with the data as possible and therefore avoid errors and ensure your projects comply with corporate and regulatory standards.

Watch the full webinar:

Learn how strategic compensation
maximizes revenue

with Jesús López

Deputy Director of Variable Compensation at Izzi Telecom

