Commission Software: Buy vs. Build

Many companies considering a new software purchase want to exhaust all possibilities in their hunt for the right solution. This includes the age-old build it vs. buy it debate. If this scenario sounds familiar and you're in the market for commission software, welcome! We wrote this guide specifically for you.

Here's what we plan to cover:

✔ **Buying Commission Software vs. Building Your Own Commission Software**

✔ **Buying Commission Software vs. Building a Commission Spreadsheet**

✔ **Buying Commission Software vs. Building Commission Automation in Your CRM**

Buying Commission Software vs. Building Your Own Commission Software

Commissions are painful and expensive. Harvard Business School research shows that companies spend, on average, 10% of their budget on commissions. For sales commissions in the US alone companies are spending ~$800B. (source)

Our own research here at Spiff shows that commission plan administrators spend an average of two days each month running commissions. Many administrators spend closer to two weeks. None of this includes the mid-period time spent updating team changes, quotas, managing rep disputes, and all the time reps spend away from selling, etc.

The primary benefit of buying commission software is that you'll see a major decrease in the resources you expend managing your commission process. In fact, it's common for our customers to cut commission management time down from two weeks a month to just a few hours a month- all while increasing rep performance and top-line sales.

Although building your own solution is certainly possible, it would be nearly impossible to build a tool with the features and resources Spiff customers love most. To name a few:

- Investments of nearly $75M and growing

- An enormous and rapidly growing list of features and integrations

- A focus on driving rep performance and revenue growth

- A powerful recommendation engine backed by big data and machine learning that enables you to constantly up-level your commission plans

- The ability to get you onboarded and into the software immediately without having to build your own team

- Continuous upgrades and improvements happening in the background, without interrupting your work

- Access to a community of like-minded individuals and highly skilled commission experts, always available to help with the strategy and execution of commission planning

- The relatively low cost of Spiff compared to the resources you'd expend building something similar on your own

- With Spiff you don't have to worry about identifying and hiring the right kinds of people who know how to automate tricky commission challenges like prior-period adjustments, rollups, clawbacks, etc.

The benefits of building your own software include:

- You might be able to spend less money if you don't need all of the capabilities of Spiff and you are comfortable withless capable solutions (like a spreadsheet)

- You may have more control over the specific features you want to build

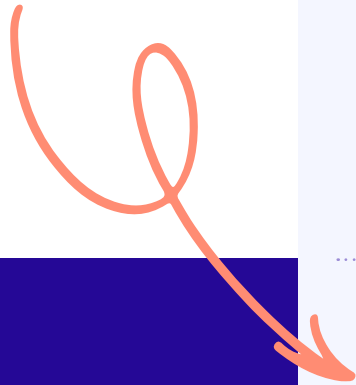# Buying Commission Software vs. Building a Commission Spreadsheet

Spreadsheets are the most successful business software ever developed. At Spiff we take enormous inspiration from spreadsheets. We view ourselves as the next evolution of commission spreadsheets- with one major exception- or as we like to call it, one major innovation.

Unlike spreadsheets, Spiff can automate large amounts of commission logic and data coming from object-oriented systems like your CRM, ERP, HRIS, business intelligence, and data lake solutions.

We actually recommend that many companies with fewer than ~20 reps consider using a spreadsheet. At that level of scale, you can often build a nice spreadsheet that does a workable job of automating commission calculations.

Once you get beyond that level, your spreadsheet will start to have problems. We've identified eight common problems that happen when as you try to scale commissions with spreadsheets.

If you want more detail on the points here check out our article The Top 10 Reasons Your Commission Spreadsheet Will Fail You At Scale.

1

Spreadsheet maintainability breaks down at scale

2

Spreadsheets don't handle temporary commission rules well

3

Spreadsheets lack functions to handle common commission use cases

4

Spreadsheets don't provide transparency

5

Spreadsheets don't handle currency conversions

6

Spreadsheets don't handle temporality- people being on different versions of different plans over time

7

Spreadsheets don't handle roll-ups

8

Spreadsheets don't handle errors well

Buying Commission Software vs. Building Commission Automation Within Your CRM

Modern CRMs and ERPs have functionality that allows you to build custom calculations. The problem is that automating commissions is more like building an entire custom application than it is like creating a handful of custom calculations.

There are several problems with building commission automation in your CRM:

- It's really hard to set up
- It's almost impossible to update as your commission plans change
- It will break easily
- It's hard to audit
- It lacks many important features like:
  - Clawbacks
  - Commission optimization and planning tools
  - Motivation prompts for your team
  - Integration with other systems like payment or payroll
  - Accounting automation like ASC 606
  - Team management
  - Quota management

Generally, you are going to have to pay for a small army of developers to build and maintain your own system within your CRM. If you would like more details, check out our article "Can Salesforce Calculate Commissions?"

SPIFF

Final
Thoughts

Get a Demo Today!

The vast majority of companies won't have the resources or time to build their own commission software. And although there are two other options: using a spreadsheet or building out automation logic in your CRM, there are issues that come along with each alternative.

Spreadsheets are a solid alternative for companies with simple commission plans and no need for many of the revenue-driving features of modern commission software. As your company scales you'll likely grow out of your spreadsheet. It will start to become error-prone and nearly impossible to manage for your commission admin team.

The option to build out your commission logic in your CRM sounds good on paper, but in practice, it involves just as much complexity as building out your own software from scratch. Some additional raw materials might save you a bit of time but not enough worth counting. You'll still need to solve all of the most complex problems of commissions--plan changes, effective dating logic, making it real-time, rollups, clawbacks, etc.

If you are considering a buy vs. build decision, reach out to us here at Spiff today and we can give you a detailed demo of our system.