



## QCOMMISSION INTEGRATION WITH XERO

[www.qcommission.com](http://www.qcommission.com)

### Overview

Sales commission programs are possibly the most variable programs conducted by a firm. These programs tend to vary significantly from industry to industry, and many times within companies in an industry. Sales commission programs tend to be different by employees even within a single firm. The solution attempting to solve the commission calculation problem must be highly sophisticated because of the highly variable nature of the commission calculation. At the same time, they should not burden the user with additional complexity in their operations. One key area of complexity is allowing data interchange between the customer's existing accounting systems and the commissions system. A commission system that can understand the structure of the accounting system data and seamlessly bring in the appropriate data necessary for calculating commissions can be a huge benefit in reducing the inherent complexity in that process.

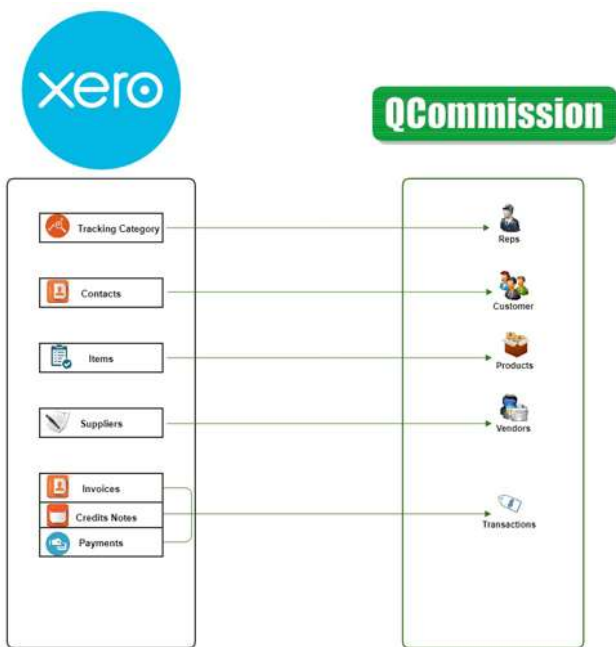
QCommission is a powerful, flexible sales commission software tool. It calculates sales people's compensation accurately, quickly and professionally. QCommission is integrated with QuickBooks® but can also be operated stand- alone.

XERO develops cloud-based accounting software for small and medium-sized businesses. Its products are based on the software as a service (SaaS) model and sold by subscription, based on the type and number of company entities managed by the subscriber. Its products are used in over 180 different countries.

A sales commission solution that can accurately establish and calculate commissions and can seamlessly provide the sales commission statements for viewing by sales people can be a great advantage to firms. In addition to reducing commission errors, reducing time taken to administer and increasing sales people productivity, the solution can increase SugarCRM adoptions.

### Technology

The Xero API is a RESTful web service and uses the OAuth (v1.0a) protocol to authenticate 3rd party applications. The Accounting API exposes accounting and related functions of the main Xero application and can be used for a variety of purposes such as creating transactions like invoices and credit notes, right through to extracting accounting data via our reports endpoint.



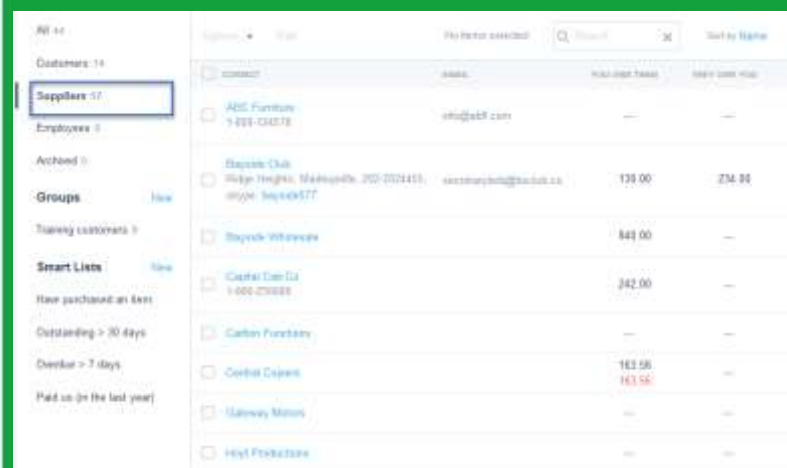
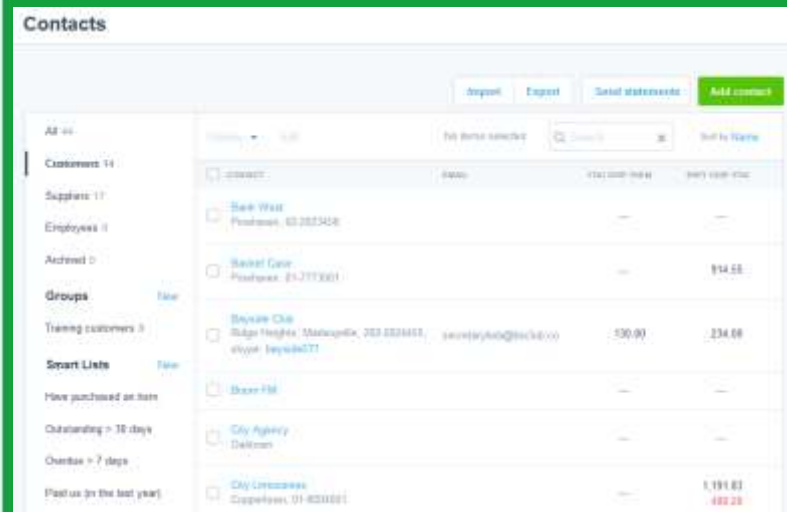
QCommission Integration With Xero Data Mapping Diagram

Occasionally commissions are paid out on partially paid invoices as revenue is collected. In this case, it is not enough to just check the paid stamp on the invoice. The payment history transactions will also have to be imported and commissions released as payment is received. In this case both sets of transactions will have to be handled.

Credit notes are sometimes used to affect revenue collections. When credit notes are entered and applied to invoices in Xero, QCommission can import them and use it to charge back

### Master Data

In addition to transactional data, QCommission can import master data from Xero such as Customer, Item, Vendor, etc. The data imported can include the hierarchy structure. This becomes very useful in calculating commissions based on these various criteria.



## Importing Data

### Invoices and Payments

Commissions are primarily calculated on Revenue. Revenues are mostly based on invoices entered into the accounting system. The various attributes of invoices can be used in the calculation of commissions. In many situations, sales reps are directly associated with invoices. This can be used in properly crediting the invoice to the sales rep prior to calculating commissions. Other data attributes useful in commission calculations include Quantity, Amount, Customer, Product, etc.

A key requirement is the ability to only import transactions for the particular commission period that is being currently processed. The QCommission system automatically understands the date range being processed and only brings in the transactions necessary for proper calculations.

Invoices normally go through two states: Invoiced and Paid. Some customers pay commissions on invoiced and some when invoices are paid. Some pay on both events. QCommission can understand the status of the invoices and bring in only the invoices of the right status to process. If invoices change status in Xero later, it can update the status in QCommission and properly calculate and pay the right commission.

## Complex Commissions

There are many special commission needs that QCommission has to handle in importing data through Xero API. Here are some of the requirements being handled:

### Non-commissionable transactions

Some product and service lines may also need to be excluded from commission calculations. For example, sample items being provided as part of sales may not be commissionable. Commission calculations can also be set to only calculate for certain item groups, even if all data are imported.

Some customer sales may not be considered for commissions. These may be in-house accounts, for example. Commission plans can be set to calculate commissions for only specific customers and customer groups.

## Commission Splits

In many commission calculations, a sale must be credited to more than one rep. It is normally split between two reps but could go up to 5-way or higher splits. This could be because two sales reps work in a particular territory or if an item is sold in one territory and shipped to a different territory. In addition, the splits could be equal or unequal such as 60/40.

With QCommission you can specify any number of splits. The splits can also have an associated split percentage to handle unequal splits. Split percentages can add up to more than 100% if necessary.

Splits can be associated by invoice or invoice lines. Splits can also apply to transactions other than invoices such as expenses. Splits can be associated with customers, products or policies and be used against all associated transactions.

As part of our consulting we will advise on how to configure reps and split percent in Xero directly, if necessary, or in QCommission.

## Profit based Commissions

Many companies calculate commissions based on profit rather than revenue. If products and services are bought and resold, this type of commission makes a lot of sense. Profit commission provides more control over the deal size, where sales people are allowed to discount the sale price.

To calculate commissions on profit, the cost needs to be known in addition to the revenue. There are numerous ways of specifying a cost for a sale:

- Cost can be a fixed average number. For example, consulting companies may decide on an average hourly cost for all their consultants being in different places.
- Cost can be a specific number per product or service. Manufacturing firms may calculate a specific cost per product and assign it to the product, since it may be difficult to know the exact cost of manufacturing.

**Office Building Solutions Inc. - Sales Commission Statement**

Plan ID: All Roles  
 Plan Name: All Roles  
 Territory ID: West Office  
 Plan ID: Sales Rep Plan  
 Period: 1/1/2018 - 1/31/2018  
 Position: Sales Rep  
 Fiscal Year: 2018  
 Gross Payroll Amt: 3,000.00  
 Disability Adjustment: .00  
 Cap. Adjustment: .00  
 Other Adjustment: 0.00  
 Net Payroll Amt: 3,000.00

Inv	Date	Type	Customer	ProductID	Qty	Sale Amount	Cost	Gross Profit	Unit Cost	Comm. Rate	Full Amount		
<b>InvoiceID Product Line Commissions</b>													
								Gross Profit \$0					
A4000-1	10/20/18	Invoice	General Property	Good Kettle	20.00	30,000.00	29,000.00	1,000.00	30,000.00	3.33%	2,400.00		
A4000-2	10/20/18	Invoice	General Property	Mixing Bowl	2.00	30,000.00	28,000.00	2,000.00	30,000.00	6.67%	2,000.00		
<b>Total</b>								<b>2</b>	<b>60,000.00</b>	<b>57,000.00</b>	<b>3,000.00</b>	<b>5,000.00</b>	
<b>InvoiceID Service Line Commissions</b>													
								Gross Profit \$0					
A4000-1	10/20/18	Invoice	General Property	Good Consulting	100.00	12,000.00	5,000.00	7,000.00	12,000.00	58.33%	7,000.00		
A4000-2	10/20/18	Invoice	General Property	Therapist Consulting	50.00	6,000.00	4,000.00	2,000.00	6,000.00	33.33%	2,000.00		
<b>Total</b>								<b>1</b>	<b>18,000.00</b>	<b>9,000.00</b>	<b>9,000.00</b>	<b>50.00%</b>	<b>9,000.00</b>

With the sophisticated ability to calculate profit, QCommission can handle almost any kind of profit-based commissions.

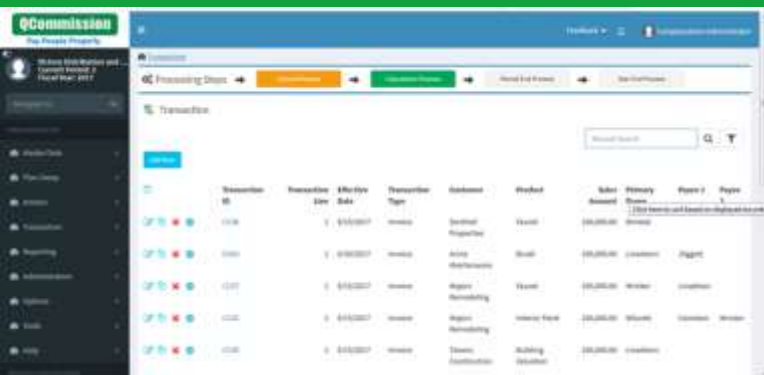
## Discount based Commissions

Companies allow their sales people to discount prices on occasion. To make sure that there is not excessive discounting and margins are maintained, they may use the commission plan. Based on how much the product is discounted from the list price, the commission rate may be reduced. This can be done as discount tiers: 0% to 10% discount, 11% to 20% discount, etc.

To calculate discounts, we need to get Product list price, price on the invoice and unit cost from Xero. Then the discount rate must be calculated and compared to the various tiers to determine commission rates. QCommission can handle these types of calculations.

## Other

Sometimes commission rates can change based on AR Aging. If the number of days it takes to get paid for an invoice increases, commission rates could be reduced. QCommission can understand these differences and pay at different rates.



## **Conclusion**

QCommission does a tremendous job understanding the intricacies of the Xero data structure as well as the complications inherent in the commission process. With this ability, it integrates the two systems in such a manner that the complexity to the customer is reduced to a minimal level. Because of the complexities and the number of different ways customers can use Xero, our expert services are utilized to configure the exact integration process between QCommission and Xero for the best solution.