

Securing Success: KnowBe4 Transforms Incentive Management and Commission Accounting **with Xactly**



KnowBe4 stands as a leading cybersecurity company, empowering organizations worldwide to combat the ever-evolving landscape of cyber threats through its comprehensive security awareness training platform. Since its inception, KnowBe4 has experienced significant growth, marked by global expansion across nine regions and a near doubling of its sales team since 2020. This impressive trajectory culminated in an Initial Public Offering (IPO), a pivotal moment that amplified the need for robust and efficient operational processes, particularly in managing sales incentives and commission accounting. Prior to partnering with Xactly, KnowBe4 grappled with a series of intricate processes that hindered efficiency and introduced potential inaccuracies.

Key Results

Reduced payroll close processing time by 40%

Up to 80% reduction in discrepancies in commission accruals and payouts

Created detailed visibility for IPO readiness protocols and audits

The Challenge

Although KnowBe4’s rapid growth led to becoming a publicly traded company, this journey brought forth considerable challenges along the way. In the fast-paced security training industry, agility and adaptability are paramount and the KnowBe4 team was forced to navigate frequent changes, including a notable acquisition by private equity that necessitated a complete reset of commission balances. The manual accrual of sales commissions proved to be a time-consuming and error-prone endeavor. Complex commission rules necessitated extensive customization of spreadsheets, leading to intricate calculations and a lack of transparency. Furthermore, the dynamic nature of sales performance and compensation plans made it difficult to maintain accurate and up-to-date commission data. This manual approach not only consumed valuable time for the accounting team but also increased the



Industry:	Cybersecurity
Size:	1000+
Core Products	Incent, Commission Expense Accounting (CEA)
IPO	2021

risk of discrepancies and made responding to leadership inquiries about commission expenses a cumbersome process.

Beyond the challenges of incentive management, KnowBe4, as a prominent cybersecurity technology company, faced increasing scrutiny during audit processes. Ensuring compliance with ever-changing regulations demanded meticulous record-keeping and the ability to readily provide comprehensive documentation to support their commission accounting practices. The existing manual systems made this a challenging and potentially risky undertaking.

The Solution

To address these critical challenges and lay a solid foundation for continued growth and compliance, KnowBe4 strategically implemented a holistic Incentive Compensation Management (ICM) solution powered by Xactly. This encompassed two key components: Xactly Incent for streamlining incentive management and [Xactly CEA](#) (Commission Expense Accounting) for automating and enhancing commission accrual and expense accounting.

[Xactly Incent](#) provided KnowBe4 with a centralized platform to manage its diverse and evolving sales compensation plans. This eliminated the reliance on complex spreadsheets, automating commission calculations and ensuring accuracy. The system's flexibility allowed for easy adaptation to changing commission rules and provided real-time visibility into sales performance and incentive payouts for both sales representatives and management.

Complementing Xactly Incent, Xactly CEA revolutionized KnowBe4's commission accounting processes. The platform automated the accrual of commissions, eliminating the manual calculations that were previously prone to errors. This automation ensured timely and accurate recording of commission expenses, providing a clear and auditable trail of all transactions. The system's robust reporting capabilities offered detailed insights into commission expenses, enabling the accounting team to readily analyze fluctuations and provide clear explanations to leadership. Furthermore, Xactly CEA significantly streamlined the audit process by providing easy access to comprehensive documentation and reports, ensuring compliance and reducing the time spent on manual data retrieval.

The Results

The implementation of Xactly's integrated ICM solution has yielded significant positive results for KnowBe4, directly addressing the challenges they faced:

- › **Improved Accuracy and Confidence in Commission Accounting:** Prior to Xactly CEA, KnowBe4 experienced a 5-10% discrepancy in commission calculations.⁷ With Xactly CEA, this range has dramatically decreased to a mere 1-2%, and Senior Accountant Mathew Crawford now has detailed visibility into the root causes of any minor discrepancies. This enhanced accuracy has instilled greater confidence in the integrity of their financial data.



The detailed documentation and even the Summarized reports you guys have in the system. I love the roll-forward report. That's what I export every month— I save it, and that's our support for the month for our balance."

Mathew Crawford
Senior Accountant, KnowBe4

- › **Significant Time Savings on Commission Reconciliation and Audits:** The manual quarterly forfeiture review process has been replaced with automated monthly reconciliations within Xactly CEA, leading to substantial time savings for the accounting team. Moreover, audits have become considerably smoother and more efficient, as the team can now easily provide auditors with the necessary documentation to support their commission accounting.
- › **Enhanced Reporting and Communication with Leadership:** Xactly CEA's robust reporting capabilities empower the accounting team, particularly Mathew Crawford, to provide clear and data-driven explanations to leadership regarding fluctuations in commission expenses. The detailed documentation and summarized reports, such as the roll-forward report that is exported monthly, serve as strong support for their balance sheet.

"Now, if I want to, I can go into the details in CEA, I can pick out which individual deals were huge this month. Why are they adding or subtracting to the total you know, what? Was there a big forfeiture maybe that came in from a prior month?" - Mathew Crawford, Senior Accountant, KnowBe4

Conclusion

KnowBe4's strategic adoption of Xactly's integrated ICM solution, encompassing both Xactly Incent and Xactly CEA, has been instrumental in modernizing their incentive management and commission accounting practices. The tangible benefits include improved accuracy, significant time savings, and enhanced reporting capabilities, all of which contribute to a stronger financial foundation and more efficient operations.

Other rapidly growing companies, especially those in dynamic industries or those navigating the complexities of becoming publicly traded, can glean valuable insights from KnowBe4's experience. Implementing a holistic ICM solution like Xactly can provide the necessary automation, accuracy, and transparency to effectively manage sales incentives, streamline commission accounting, and confidently navigate audit processes and regulatory changes. By moving away from manual, spreadsheet-driven processes, organizations can mitigate risks, improve efficiency, and gain the agility needed to thrive in today's fast-paced business environment, ultimately securing their own path to continued growth and success.

About Xactly

Xactly provides the only AI-powered platform that combines revenue intelligence and sales performance management so organizations can unlock their full revenue potential. Backed by two decades of pay and performance data, Xactly's Intelligent Revenue Platform is designed for finance, revenue, compensation, and sales leaders who want to drive quality, sustainable revenue. To learn more about Xactly and the latest issues and trends in revenue intelligence, visit us at XactlyCorp.com, follow our [blog](#), and connect with us on [LinkedIn](#).

