FORMA.AI

Forma.ai Architecture

An SPM purpose-built for agility

Forma.ai was founded on the basis that a lack of flexibility in sales performance management (SPM) is the most urgent pain in the landscape today.

Despite the inherent complexity involved in incentive, territory, and quota management, organizations need the ability to plan, deploy, and iterate on compensation as fast as business need demands. This is table stakes.

Our solution's architecture has been intentionally built to support this agility. Below we outline the technical components that vastly accelerate comp administration in Forma.ai—including integrated modelling and planning tools for optimizing your decisions across ICM and SPM.

> "Forma.ai's product vision has the most potential of any in the SPM space and will change the market."
>
> FORRESTER

Pillars of Forma.ai's technical architecture

Together, these four components enable planning, testing, rollout, and optimization of territories, quotas, and incentive plans rapidly—and with precision.

A flexible, robust calculation engine

The Forma.ai proprietary rule model uses globally consistent, standardized logic to allow for rapid creation and deployment of SPM rules.

The flexible calculation pipeline is fully integrated across data ingestion and ETL, territory and quota management, sales crediting, and comp calculations. In short, the way we architect our process for calculation logic means Forma.ai can handle any type of SPM rule structure you need.

Rapid AI rule translation

For most sales operations and compensation teams, manual configuration of tools to execute daily changes constitutes a significant amount of time. This capacity constraint relegates SPM optimization as an afterthought.

Our AI rule translation is the mechanism allowing you to enact work quickly in combination with our collective rule model. Forma.ai uses natural language processing (NLP) to parameterize your requests for compensation logic, accelerating the speed and scale at which you can configure SPM rules.

Real-time modelling architecture

At the core of Forma.ai is a modelling engine allowing you to simulate an unlimited amount of compensation scenarios and configurations, all without impacting your production environment.

Simulations are built with production-grade rules that—once approved—can be deployed live instantly whenever needed.

This ability to run comparison calculations rapidly allows go-to-market teams to iterate faster on every SPM and ICM decision for maximizing revenue growth. You can simulate and enact any change on a dime.

An end-to-end workflow

Reaching alignment between stakeholders throughout the process of plan design and rollout is cumbersome with disconnected systems.

Forma.ai's global end-to-end workflow creates a single source of SPM information and brings together all functions within the platform to streamline approvals. A central hub for orchestrating changes, the built-in workflows between modules are also a vehicle for communicating the right information to decision makers quickly. With a ticketing system and audit trails, everything is auditable and transparent.

A flexible, robust calculation engine

Our rule model architecture automates sales crediting and incentive comp calculation outputs.

Organizations need to make go-to-market changes more rapidly than ever. And while adapting to evolving market conditions and corporate strategy is critical, traditional SPM tools require configuring rules manually, from scratch, for every desired change.

On average, an estimated 80%+ of ICM and SPM time is spent *configuring* data and tools, as opposed to proactively identifying ways to drive optimal sales behaviors. Not only is this configuration work time consuming, but repeated manual input and inconsistency also leads to errors.

Forma.ai was built with a fundamentally different approach to SPM, with go-to-market agility as the top priority since day one. We believe that rule management and configuration needs to be rapidly accelerated, so we can reallocate the time comp teams spend on configuration toward increasingly strategic, revenue-generating work.

For this, our rule management approach leverages a generalized data model and consistent calculation architecture.

Instead of building rules from scratch for every new comp plan or change, users specify parameters for the rules they need from an ever-growing library.

When a new rule structure gets added to the model, it becomes available for all customer to leverage; in essence commoditizing SPM rules and building a common language for sales compensation logic. This collective ensures Forma.ai has the flexibility to support any territory, quota, or IC rule type.

We have demonstrated that this rule management approach has a step-change impact not yet seen in SPM. Our customers:

- Manage 100% of their incentive structures in Forma.ai, including SPIFs and short-term incentives.
- Have increased the amount of incentive structures under management by up to 20x (to capture more revenue through individualization and precision-selling behaviors).
- Implement Forma.ai up to 200% faster than other SPM solutions.

The following section details how our rule model allows for complete SPM and ICM flexibility—from data collection, to output generation, exceptions management, and everything in between.

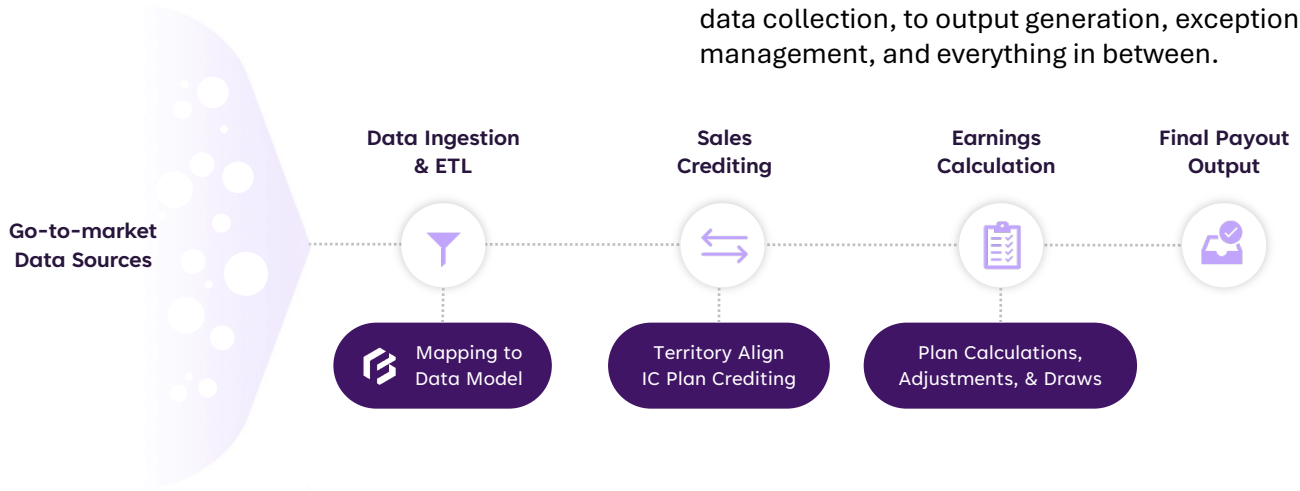


Figure 1: Visual of Forma.ai's calculation engine pipeline which connects data integration, sales crediting/assignments, and earnings calculations all under one unified solution.

Data ingestion, validation, and ETL

Forma.ai's flexible data management system enables the mapping of any go-to-market data source to our generalized data model. It's a foundational step for leveraging our AI-driven rule configuration.

Forma.ai's data ingestion system is built with 200+ out of the box integrations and can handle all go-to-market data sets (HRIS, CRM, ERP, and more).

Once data ingestion feeds have been established, the first step in Forma.ai's calculation pipeline is to transform and load all data sources used for SPM and ICM into Forma.ai's consolidated data model.

To ensure that input data is accurate, consistent, and valid, Data Validation and Data Transformation functionality is used:

Data Validation: Includes Schema and Business Validation rules to ensure all files, fields, and values are present, plus checks for record accuracy *(e.g. effective date overlaps, outlier values, etc.)*.

Data Transformation: This includes manipulation of data sets so information is correctly interpreted once mapped to Forma.ai's data model *(e.g. renaming, joining and combining data sets, adding calculated fields, and aggregating data)*.

Data Model Mapping

Once data has been validated and transformed, it is mapped to Forma.ai's proprietary data model. This enables the entire rule system to function effectively and consistently. For globally consistent rules to work, input data values need to be standardized and mapped; this so the correct context is associated with the rule object.

- For example, Revenue fields are not all created equal *(e.g. Net-new, Renewal, Discounted, etc.)*. If building an incentive plan with a Renewal Revenue component, the revenue input value must be correctly contextualized.

No matter the organization, Forma.ai has a consistent mapping so all subsequent steps in the calculation pipeline function correctly.

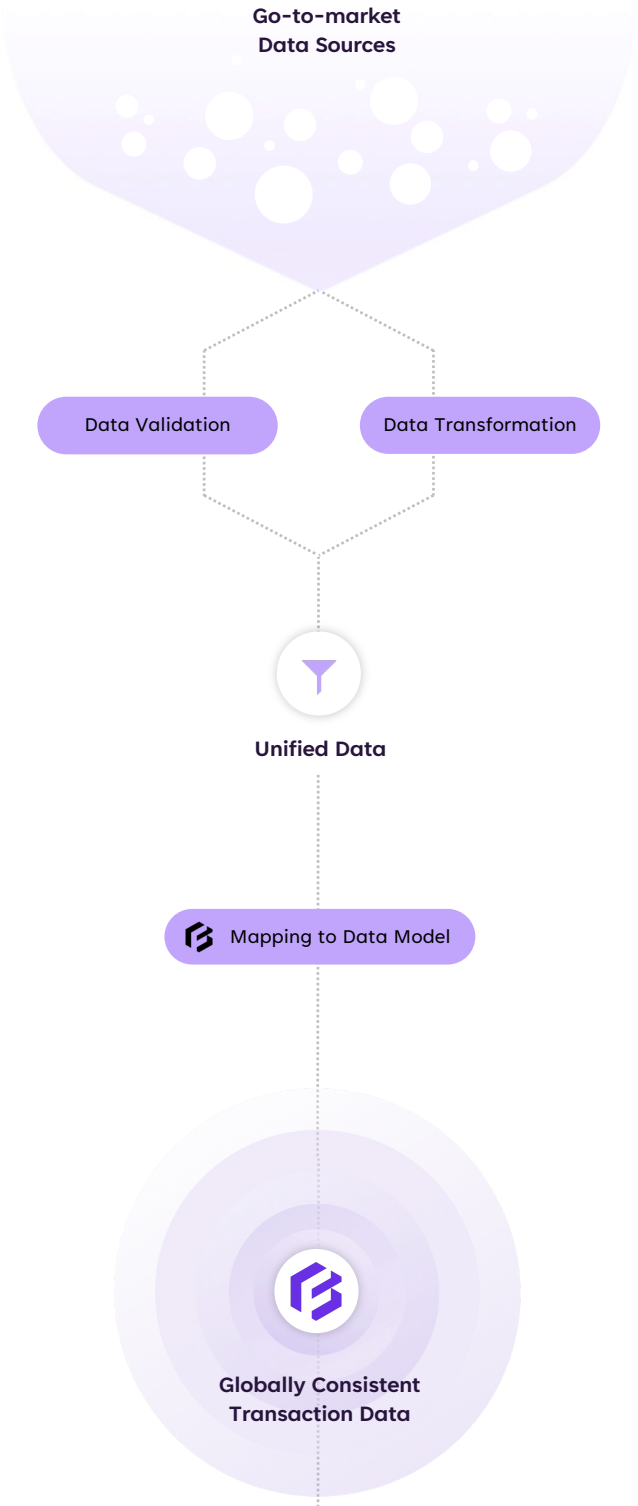


Figure 2 on the Right: Visual of Forma.ai's Data Management and Data Mapping process.

Sales crediting

Assigning the right sales transactions to the right reps is often overlooked by many ICM and SPM tools, forcing organizations to create bespoke solutions. Forma.ai's crediting engine supports all types of crediting assignments and integrates directly with ICM and SPM for rapid, accurate sales alignments.

Territory assignments

The first part of the crediting methodology uses territory attributes to determine which reps are aligned to which transactions. Forma.ai's data model has templated rules for any type of territory structure. You can define, set, and store parameters and territory structures including geographic, account-based, and multi-dimensional overlay territories.

In addition to territory-level, hierarchical assignments are used to further filter how transactions apply to end payees. Here, Forma.ai allows multiple versions of hierarchy structures which can be decoupled from territory-level assignments. This provides you with a high degree of flexibility when managing hierarchies, especially for defining a hierarchy roll-up outside of the standard sales org structure.

Plan component mapping

Compensation plan crediting rules determine which transactions are eligible for which components in the sales compensation plan.

To do this, Forma.ai has comprehensive filtering capabilities to map transactions to any type of plan component on our proprietary data model.

Further, each filter applied uses Forma.ai's Precedence System, which assigns a ranking order to the application of rules. This helps you manage exceptions without needing complex "IF" statements.

Crediting splits

To handle instances where sales transaction credit is anything other than a 1:1 credit, the system applies credit splits to credited transactions.

This can be used for a variety of use cases including adjust credit down/splitting an order, providing credit multipliers or SPIFs, and extrapolating sales values (e.g. turn MRR into ARR).

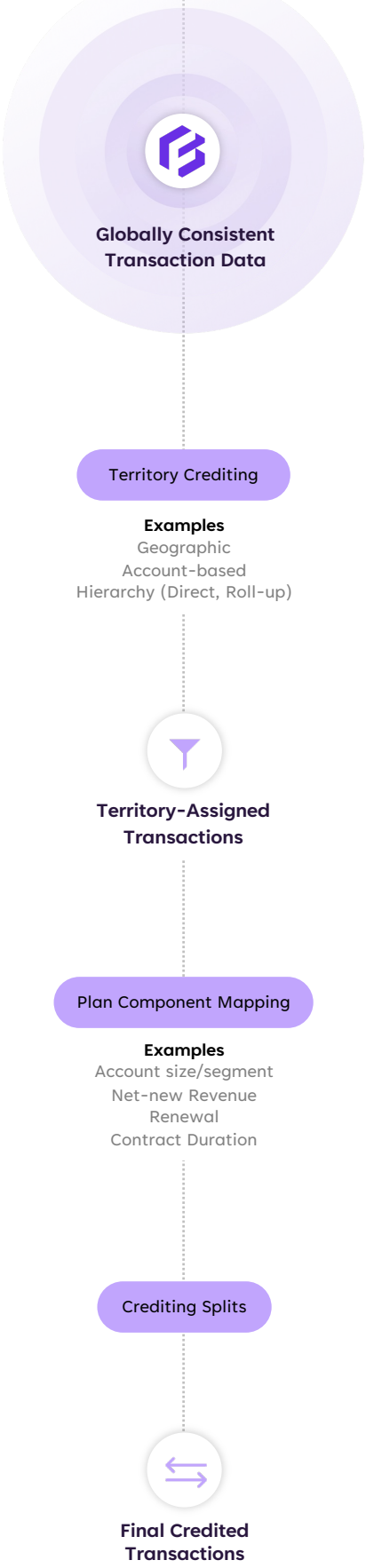


Figure 3: Visual of Forma.ai's Sales Crediting process.

Earnings calculation

Plan component calculations

Once sales transactions have been credited to the appropriate plans and sales reps, your plan rules are applied to produce a payout output.

Aligned to agility as the core tenant of our solution, in Forma.ai you don't need to build bespoke rule logic from scratch. All incentive plan logic in Forma.ai is templated where rule objects are standardized and available to all customers to execute as you need. Unlike other SPM platforms where you must rearchitect an entire configuration for even minor changes, Forma.ai's robust, yet flexible templated approach facilitates compensation changes faster than any vendor in the space.

Incentive plan logic is comprised of 'component rule blocks' which are assembled to form a complete incentive plan. These components are mapped initially to transactions (the Sales Crediting step) to match transactions to correct payees, and again referenced here for resulting calculations.

Plan components are comprised of different parameters which are toggled for use dependent on the rule object specifications you set. For example, Figure 4 illustrates logic for a specific 'Renewal Component' as part of an incentive plan an administrator of Forma.ai would adjust.

Each Component in Forma.ai's library has a different set of parameters depending on the nature of its calculation mechanism.

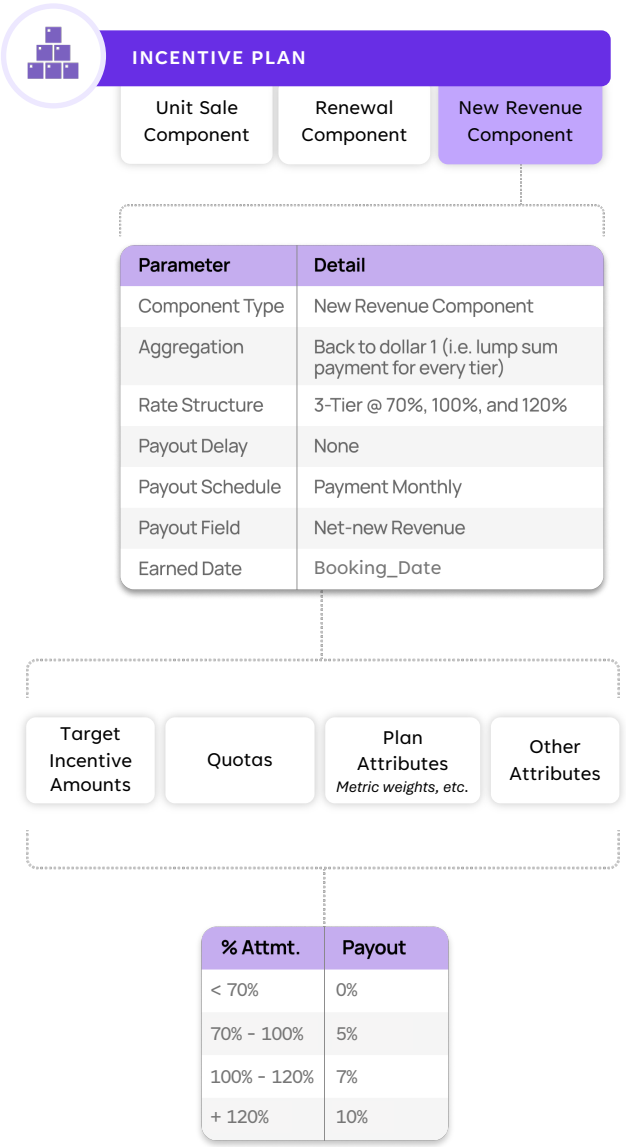


Figure 4: Visual of Forma.ai's Earnings Calculation process.

Adjustments and exceptions

Every step of the Forma.ai calculation pipeline allows for exceptions to be built in using the same underlying rules. Adjustments can be created for everything from upstream data exceptions (e.g. transaction overrides), to one-off sales crediting adjustments (e.g. sales reassignments), and overrides for payout calculations. **When exceptions arise, the system does not need to be rearchitected and existing rules are not modified**—the exception is simply activated from our rules and plugged into the calculation. The net result is not only an extremely flexible solution for ICM and SPM, but also one that has clear audit trails for every change.

Draw System

Forma.ai has a purpose-built draw module to manage recoverable and non-recoverable draws. The draw system tracks a ledger of how much a rep has been paid versus the amount of earnings accrued to seamlessly support different recoverability scenarios. Similar to how plan components are parameterized and tracked, the draw module has parameters for you to specify various dimensions such as term length, recoverability, amounts/thresholds, and more.

Rapid rule building with AI Rule Translation

We use natural language processing (NLP) and our global data model to generate your comp plan outputs.

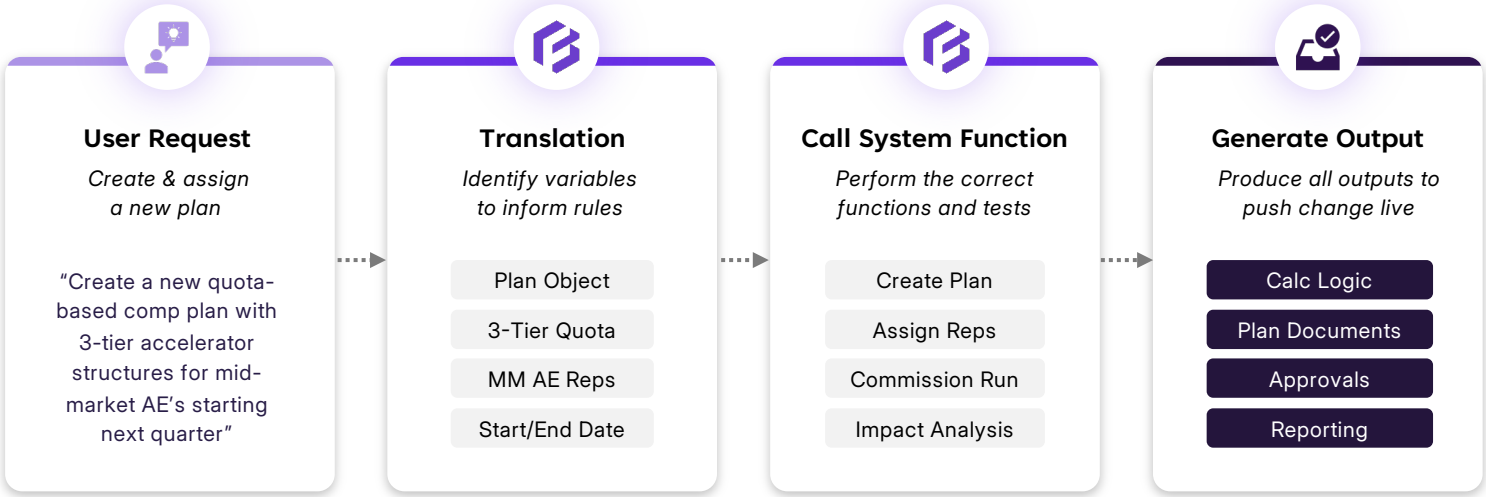


Figure 5: A visual representation of how users enact changes in Forma.ai using natural language and our proprietary rule model.

Accelerate all SPM configurations with AI

While all other SPM platforms require time-consuming rule-building from scratch, **Forma.ai uses AI to transform the way you build compensation plans**. You can rapidly accelerate your desired configuration by leveraging our data model, along with a massive, ever-growing library of pre-defined templates or 'rules'.

Our unified set of templated rules (for use across quota, territory, and incentives) are codified consistently, and databased through a set of tags and attributes.

To access and build your comp plan outputs in Forma.ai:

- You specify parameters in natural language (similar to chat commands in ChatGPT),
- Forma.ai then uses NLP to decipher the context of a given rule request into identifiable tags,
- These tags are then cross-referenced to source the correct rule object from the existing library to generate your plan to specifications.

Resulting rule objects are built once, stored on our collective data model, and accessible to all. If a rule does not already exist, our team adds the requested rule object to our official library, which then becomes available to the broader customer collective.

To date, Forma.ai has built a robust database of rule objects available. Enterprises with thousands of payees have successfully implemented our platform in less than a year thanks to this revolutionary approach to rules, eliminating manual configuration.

> "**[Forma.ai] has the true AI capabilities that other platforms today do not.** They're a few years ahead of others...that was the core reason we chose Forma.ai in the first place. You can literally dream up any comp plan you want. There are no limitations to the implementation, because you're not limited by UI."
>
> **Dr. Robert Bieshaar**
>
> Sr. Director, Worldwide sales incentive compensation, Autodesk.

Testing the calculations

In Forma.ai, there are three layers of built-in functionality to ensure that—not only has the correct building block been selected—but that rules are valid, and calculated outputs are correct.

1. **Forma.ai's rule blocks are compiled, validated, and tested to outputs**
   This is fundamentally different from a pure generative AI model that will randomly generate code and queries (which may look different every time). Further, with the ability to drill into each rule block, you can inspect how calculations are constructed and understand the mechanics of the logic. This ensures each building block performs the exact function you expected.

2. **You can easily run test comparison calculations**
   These comparison runs can be parameterized across any time period or performance data set to allow for complete flexibility (e.g. last year's data, versus this year's data).

3. **Our rule branches automatically check for redundancies.**
   This allows us to understand if and how any proposed test changes could impact any existing rules in production (explained further in the modelling section).

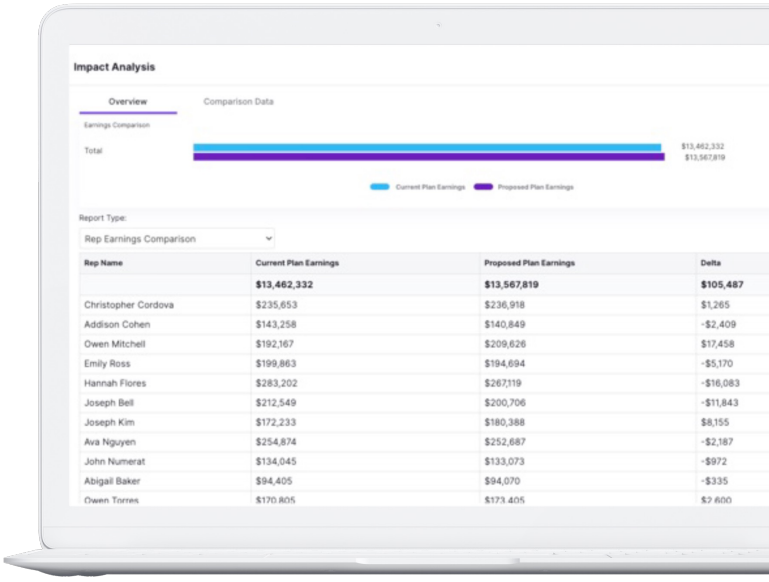


Figure 6: Visual of Forma.ai's comparison system which demonstrates the calculated output of a rule update.

The benefits of AI plan configuration

On average, Forma.ai customers see:

5x↑

increase in speed to deploy rule changes thanks to AI rule configuration.

Accelerate comp operations

With an AI copilot, you can get out of the weeds of manual configuration. Sales comp and operations teams using Forma.ai typically deploy changes up to 5x faster than with other ICM and SPM solutions. These global organizations can now pivot quickly and have consolidated disjointed legacy tools and insufficient bespoke solutions.

Ensure accuracy and quality control

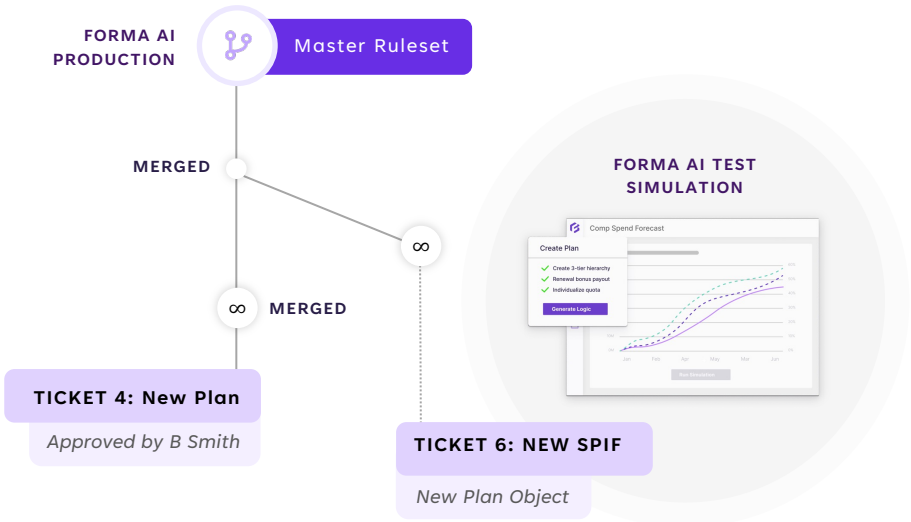
Our global rule model ensures that outputs are tested and verified before pushing to production. This to ensure predictable and accurate calculations.

Evolve as a strategic function

With improved comp admin operations, you can go beyond manual, granular formula and rule building to oversee ICM and SPM processes with a focus on optimal SPM. You can align with stakeholders' business-level revenue goals and evolve as a strategic function.

Limitless modelling. Rapid deployment.

Run simulations to test comp plan changes with production-ready rules you can deploy instantly.



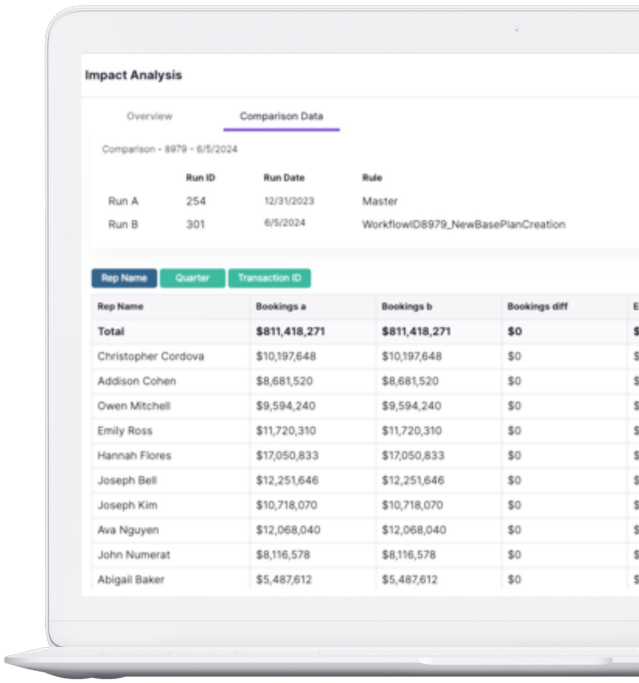


Figure 7: Illustration of Forma.ai's branch architecture for testing unlimited different rule branches without impacting production.

Figure 8: Visual of Forma.ai's impact analysis which compares different earning calculations from rule updates.

Evaluate strategic plans

To easily model SPM scenarios, assess financial and behavioral impact, and deploy changes fast, Forma.ai contains a simulation engine comprised of four architectural pillars:

1. **Rules are decoupled from production**
   SPM rules (encompassing territory, quota and incentives) can be versioned without impacting live production rules. You can test limitless scenarios without sandbox constraints.

2. **2. Calculation runs are decoupled from production**
   A calculation can be executed using a non-production set of rules. Calculation runs can be parameterized by the data set (e.g. historical or projected), the incentive comp rules (e.g. different plan structures), the territory alignment, and the quotas—allowing you to test any SPM variable easily.

3. **Commission calculations are cross-compared**
   Forma's impact analysis system allows for easy comparison of different calculation runs to understand financial impact. Commission calculations are cross-compared at a transaction level and then rolled up to present aggregate results.

4. **Modelled scenarios can be deployed instantly**
   Our simulation engine uses production-grade rules (these have been tested and validated for accuracy in calculation). This means that you no longer need to manage sandboxes or multiple instances for testing changes. As soon as modelled changes are approved, you can deploy them immediately for pivoting to business need.

The impact

Instances of ICM rules and territories or quotas can be created and versioned, and a calculation run can be performed using the new rules on a parameterized set of data (e.g. forecast, historical, or current)—all without impacting production. The results of the model can be compared against actual performance, to highlight aggregate financial impact and rep/user-level impact.

One platform, one continuous SPM workflow

From annual quota setting, to one-off commission exceptions—finally streamline *all* processes and approvals.

The average enterprise typically requires at least four departments to be involved in sales compensation cycles. What's more, teams managing sales comp payroll can process up to 500–600 changes monthly—most of which require some manual review.

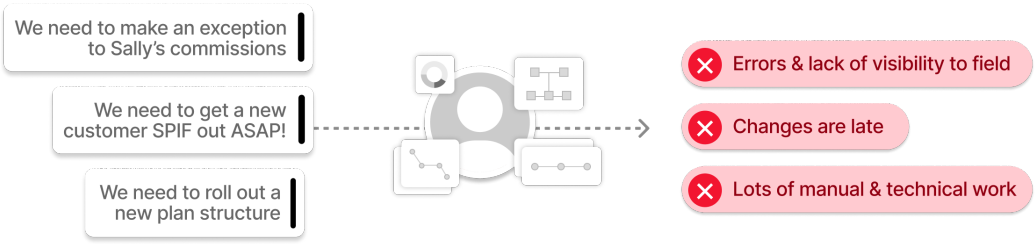


Figure 9: Visual of an average sales compensation workflow without Forma.ai

As such, one of the biggest challenges is connecting different stakeholders, streamlining planning, and automating the approvals that can hinder even the best revenue operations teams.

Figure 10: Visual of a unified Forma.ai sales compensation workflow

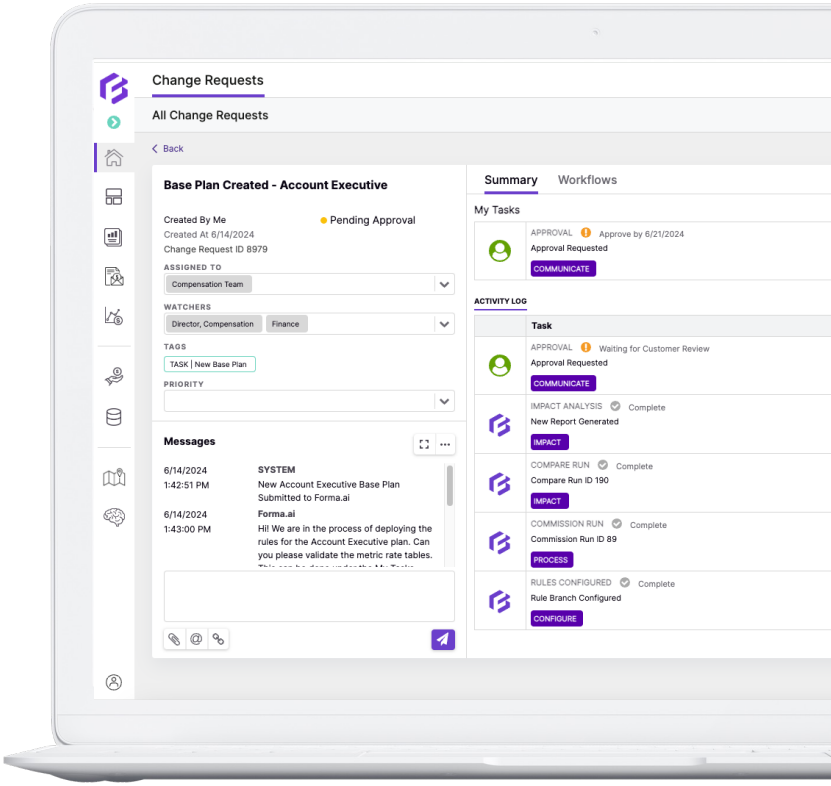
Processes need to be well defined, and the appropriate controls need to be in place. Forma's Workflow System has been built to help organizations manage all changes in a structured way.

Streamline & simplify

In Forma, all changes are managed through a unique Workflow System intentionally bridging every typical SPM-related process. From understanding the change context, to pulling the required data, modifying rule logic, running testing, routing approvals, and merging the updated changes to production—everything in Forma.ai is an API callable service executed on and connected through the Workflow System.

The Workflow System serves as an orchestration layer across the platform, with the ability to string together functions from different modules and automate even the most complex or intricate processes.

Within the workflow, Forma.ai allows for custom controls and approvals to be embedded, whether it's for actioning on small exceptions, or finalizing quarterly commission accruals for public companies.



Workflow System change-request states

Every single change made in Forma.ai is run through our Workflow System and its five-step process. This ensures auditability, consistency, and automation across every SPM operation or process:

1. **Decipher:** Collecting all information and data required to execute the request.
2. **Configure:** Building of calculation rules or business logic to execute the change parameters.
3. **Process:** Completing a calculation to generate test results associated with the request.
4. **Impact:** Analyzing the business and financial impact of the change request.
5. **Communicate:** Facilitating any approvals required to complete the change and disseminating the necessary information to all parties to execute the decision.

The above framework describes the behind-the-scenes functions of how the platform manages changes, however Forma users interact with workflows via the following change-request states:

1. **Submitted:** This indicates a change request has been submitted and is pending confirmation.
2. **In Forma.ai Automation:** This status indicates the Forma.ai system is in the process of configuring the rule logic to process the change, running a test calculation, and generating an impact assessment.
3. **In Approval:** Changes are waiting to be actioned on by a user or user group. By this point, the user has access to all the information to implement the change (updated rules, analysis of impact, stakeholders affected, etc.). Depending on the nature of the change, administrators can triage different approvals and permissions accordingly. For sensitive data, even specific data field read/write access can be permissioned.
4. **In Production:** After approvals have been granted, changes are executed and pushed 'live' in production to become rep-facing.

Workflow states are accessed in a master administrative view for all changes, where admins can manage the states and statuses of different change request tickets.

Sample workflow: Sales crediting reassignment

Decipher
Which reps will this impact and which transactions are included?

Configure
What rule changes need to be made to reassign credit?

Process
What do I need to run to calculate the impact?

Impact Analysis
What is the financial impact of this change to the business and entities affected?

Communicate
Who needs to approve this change and how do we communicate the updated information?

Workflow System impact and benefits

- An audit trail for every change and modification to ensure compliance.
- Established protocols, permissions, and procedures for enacting change.
- Faster stakeholder alignment and decision making.
- A centralized source of truth for all SPM information.

FORMA.AI

A sales performance management platform unlocking agility

Get a unified, data-driven approach for tackling the complexities of sales compensation.

Let's make sales comp your most powerful GTM lever.

We process billions in commissions

For leading enterprises

PerkinElmer For the Better · Wealthsimple · wex™ · AUTODESK · solventum

Penumbra · SS&C INTRALINKS · Hootsuite · Trustpilot · stryker