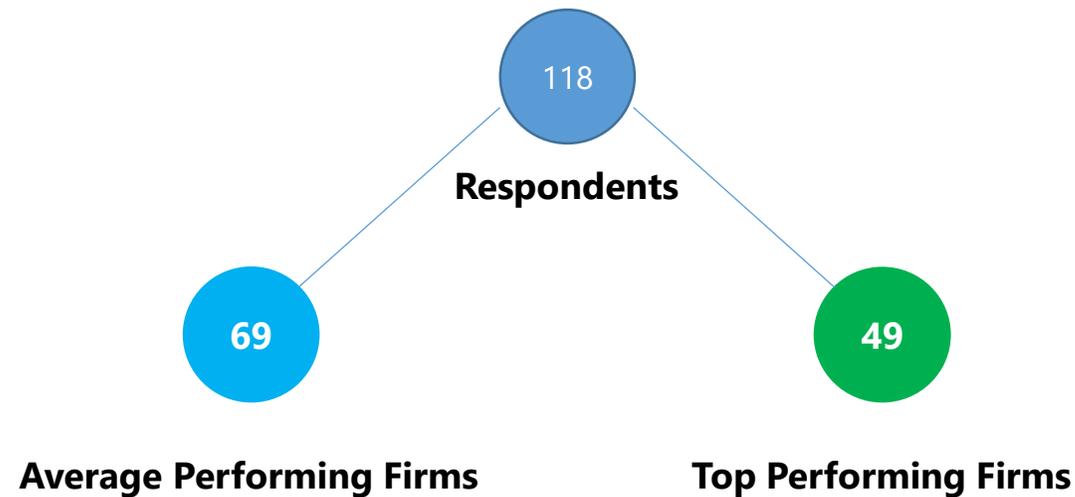


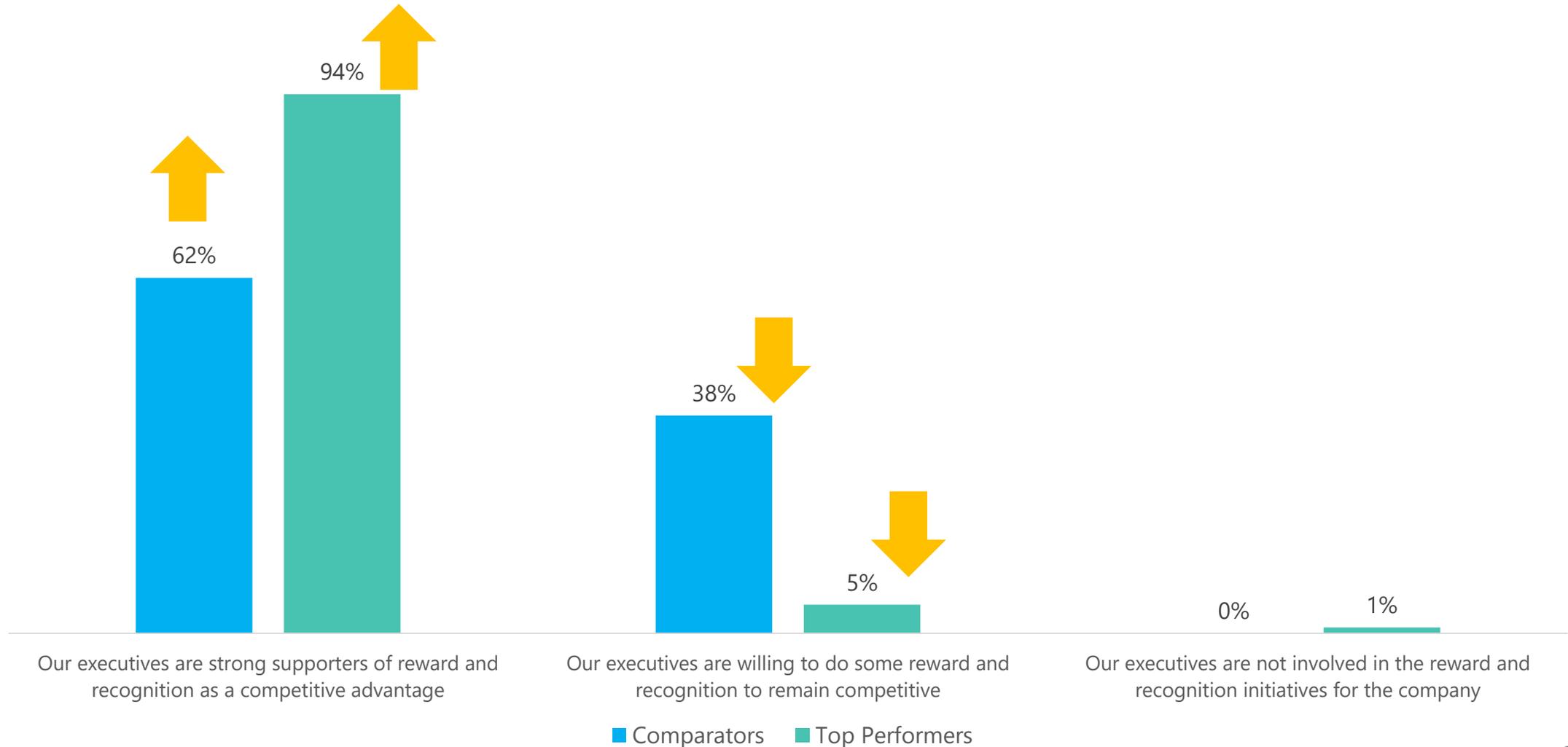
TECHNOLOGY SECTOR FINDINGS



Executive Sponsorship Key Findings

- While there is still a large gap between Top Performers and Comparators within the tech sector, both groups have increased in the percentage who say their executives are 'strong supporters of reward and recognition as a competitive advantage' (e.g., Top Performers increasing from 86% to 94% and Comparators moving from 44% 62%.)
- These data suggest near universal recognition that top performing executives see reward and recognition as a competitive advantage.

Executive Sponsorship

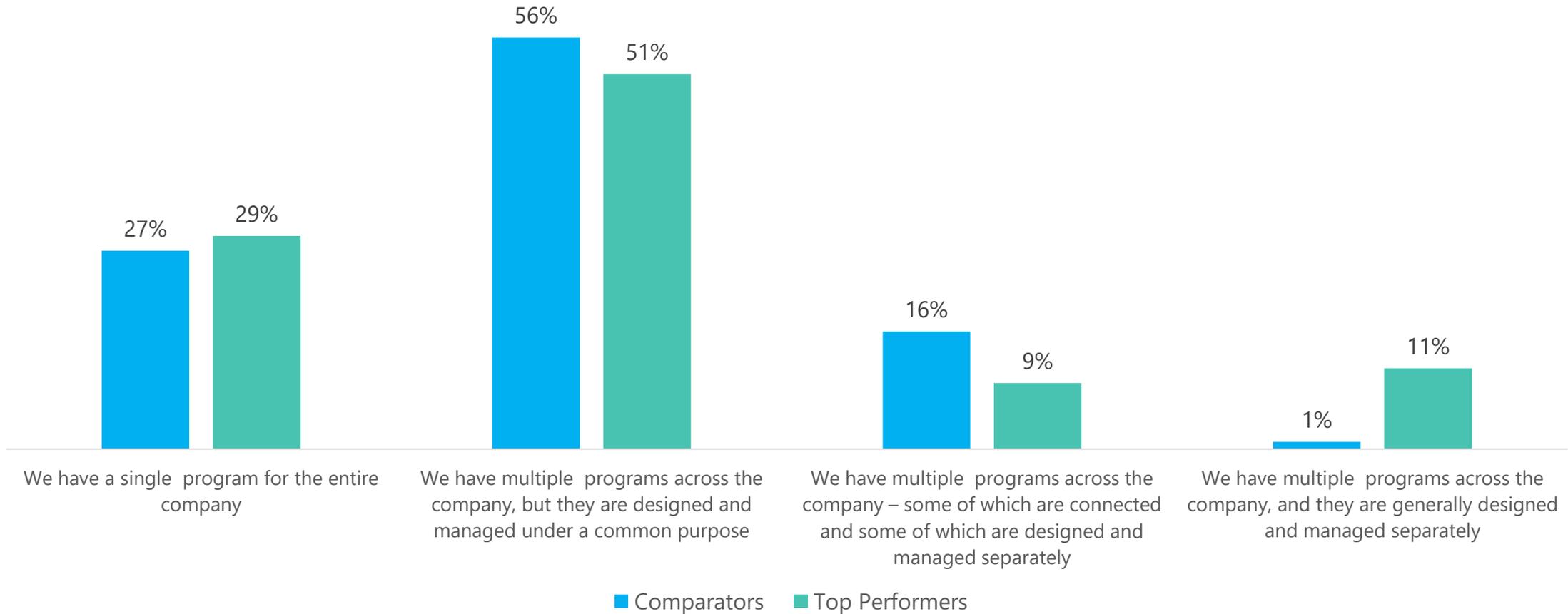


Which of the below best describes the executive sponsorship of reward and recognition programs in your company?

Program Connectivity

- There isn't a lot of difference between Top Performers and Comparators on program connectivity.
 - Slightly more than half of both Top Performers (51%) and Comparators (56%) have multiple programs across the company that are designed and managed under a common purpose.
 - Similar numbers of Top Performers (29%) and Comparators (27%) have a single program for the entire company.

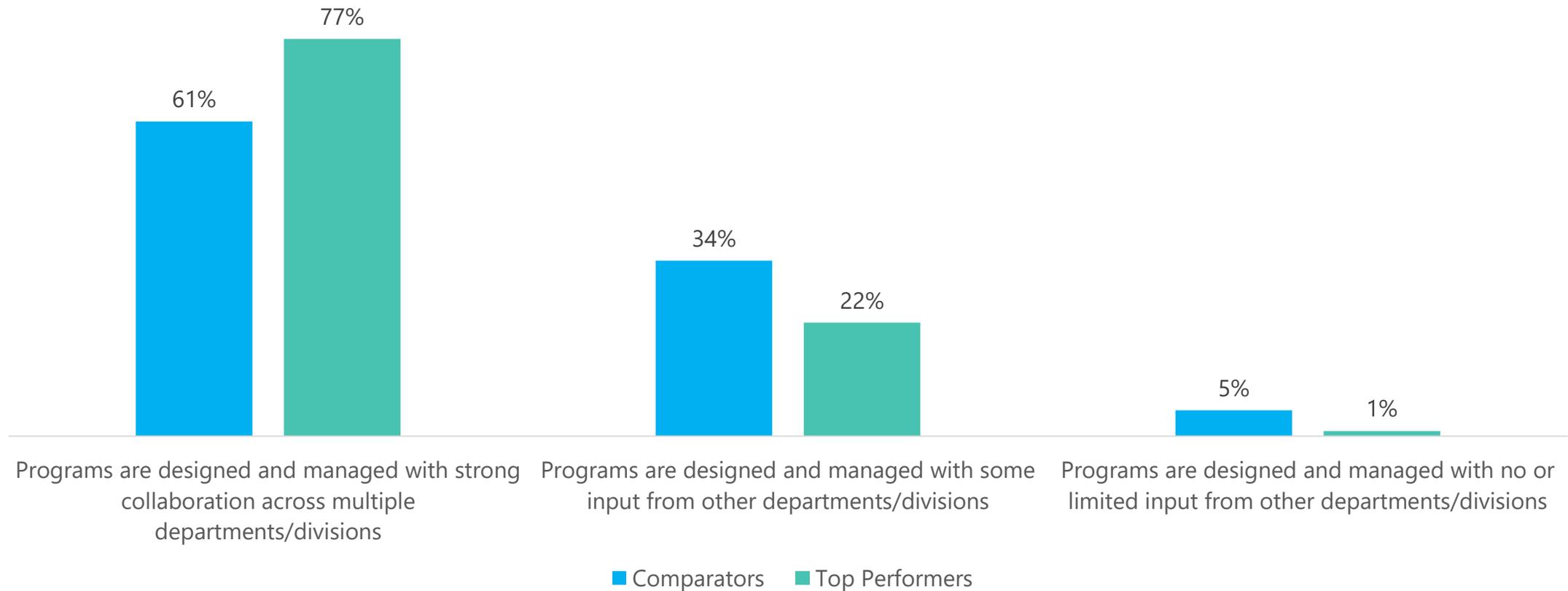
Program Connectivity



Program Design Collaboration

- Both the percentage of Top Performers and Comparators who design programs with strong collaboration across departments has remained stable since last year, although Top Performers remain ahead of Comparators on strong program collaboration (77% to 61%).

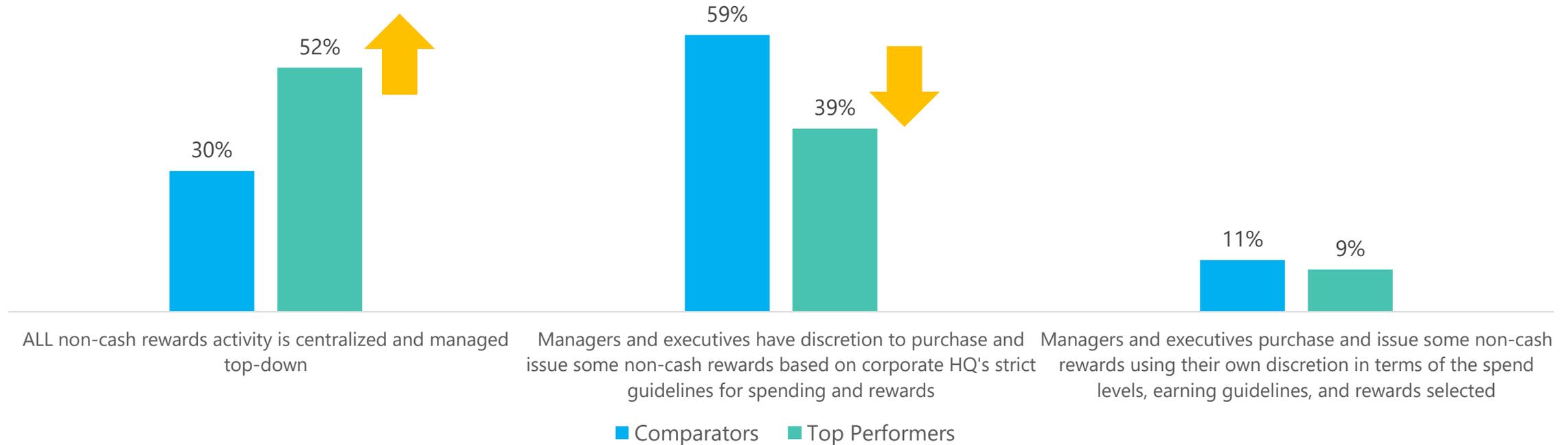
Program Design Collaboration



Program Command and Control

- Top down centralized management increased for Top Performers from 31% to 52% while Comparators remained stable in this area (26% last year; 30% this year.)
 - Centralized program management is associated more with Top Performers than Comparators, while Comparators are most likely to grant managers and executives discretion to purchase non-cash rewards based on HR guidelines.

Program Command & Control

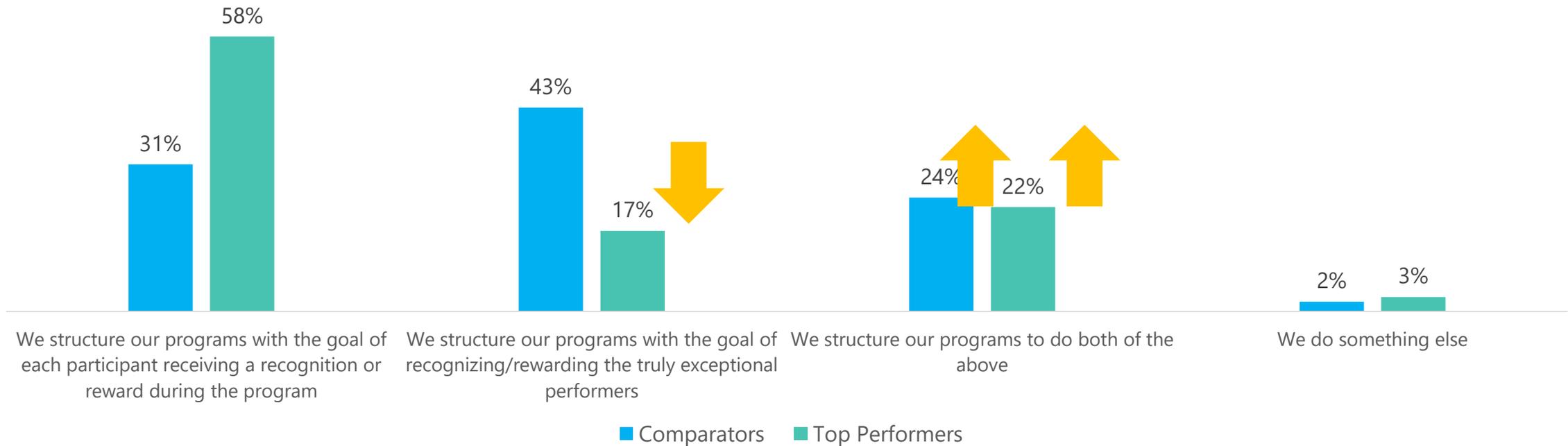


To the best of your knowledge, which of the below most accurately describes non-cash rewards activity at your company?

Program Reward Reach

- Similar to last year, tech Top Performers are twice as likely to structure programs with the goal of each participant receiving recognition or a reward during the program (58% vs. 31% of Comparators.)
 - The percentage of both Top Performers and Comparators that structure their programs to recognize truly exceptional performers, while still giving everyone a shot at recognition, has gone up since last year (Top Performers up 10% from to 22%; Comparators up from 15% to 24%).

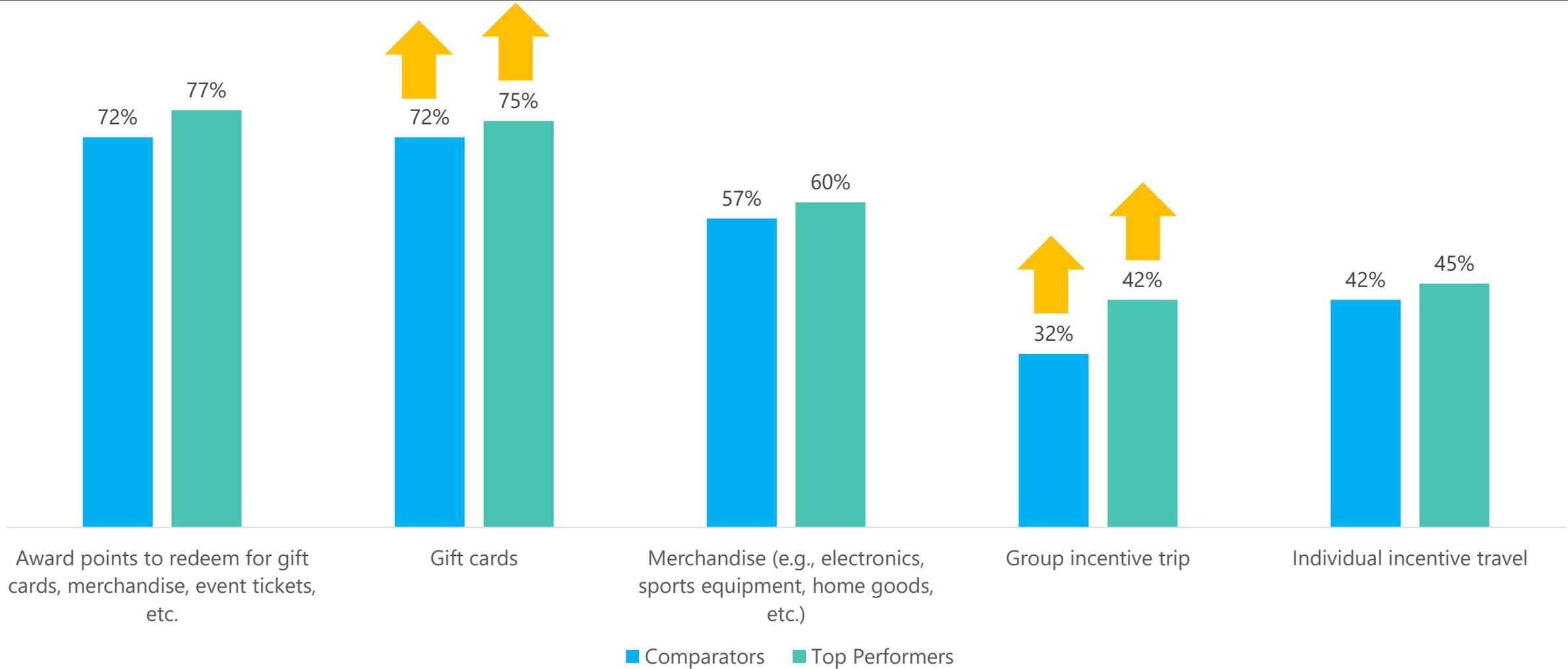
Program Reward Reach



Which of the options below best describes your company's approach when designing the rules for your programs?

- For the most part, Top Performers and Comparators are similarly likely to offer award points, gift cards, and individual incentive travel with only slight differences in the percentages that offer each.
 - The only area where Top Performers have a distinct advantage is offers of group incentive trips (42% to 32%), although the percentage of both Top Performers and Comparators who offer these trips has increased since last year (Top Performers 31% to 42%; Comparators 15% to 32%).
 - The percentages that offer gift cards has also increased since last year, with Top Performers going from 65% to 75% and Comparators going from 59% to 72%.

Reward Types

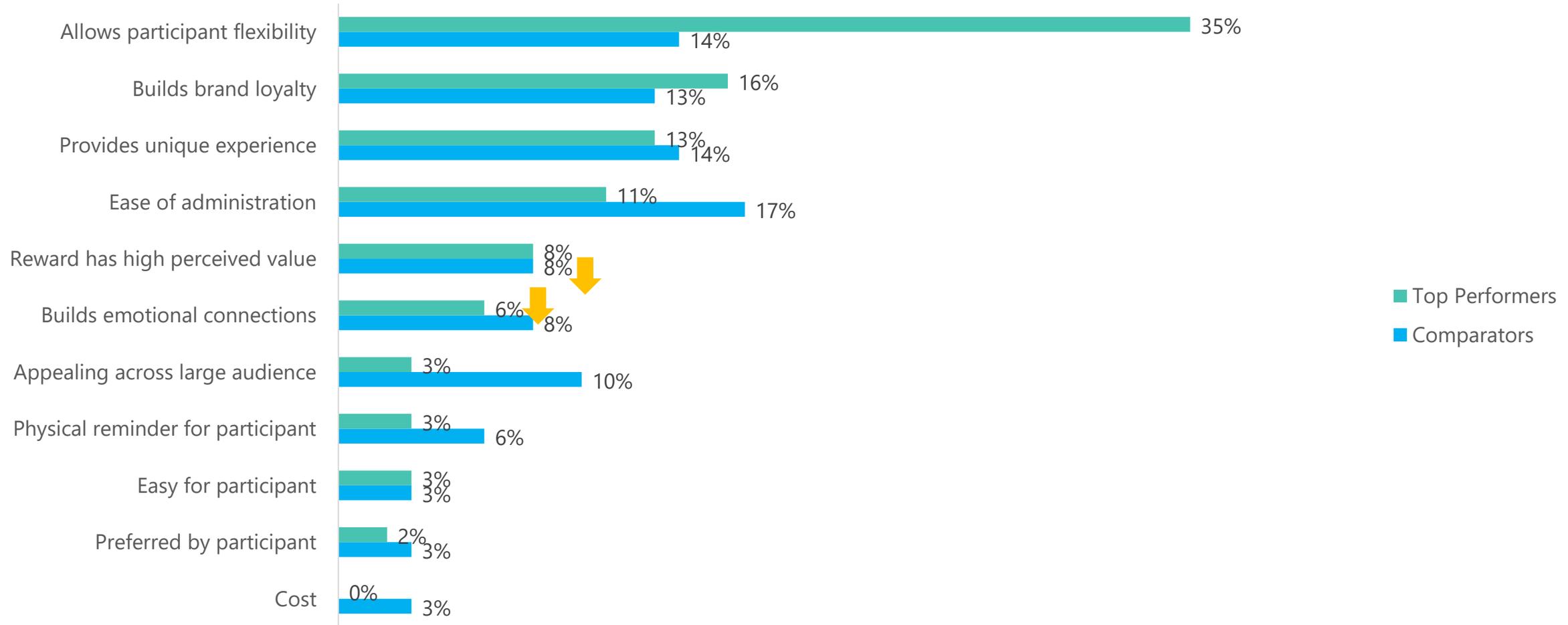


Which of the below are rewards participants can earn in your programs?

Priorities for Tangible Rewards

- A key differentiator between top performers and their Comparators is the priority placed on flexibility of tangible rewards.
 - Tech Top Performers were more than twice as likely to list flexibility as their most important consideration (35%) when giving merchandise or gift cards vs. Comparators (14%).
 - Otherwise, priorities were generally similar.

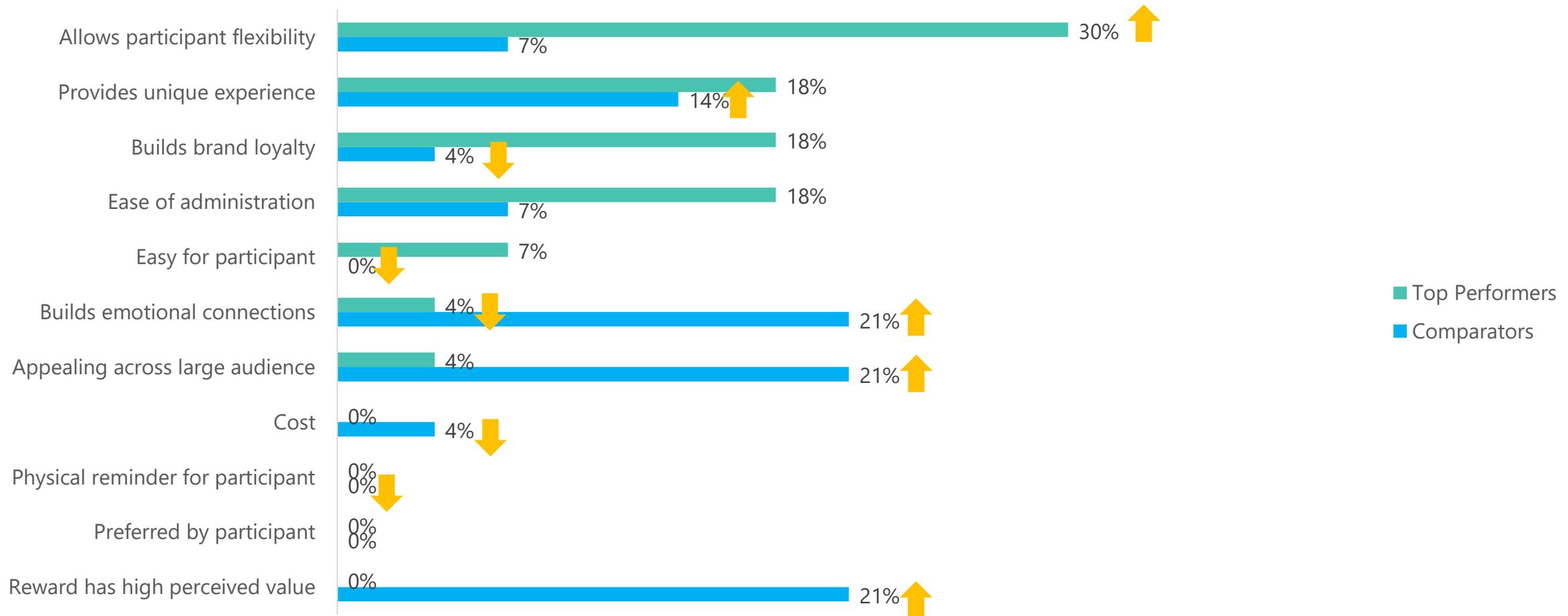
Priorities for Tangible Rewards



Priorities for Incentive Travel

- Similarly, participant flexibility is a much greater priority for designing incentive travel programs, contrasting Top Performers with Comparators.
 - Participant flexibility was the top priority for 30% of Top Performers vs. only 7% of Comparators.
 - Having high perceived value was the number one priority for 21% of the Comparators but none of the Top Performers (0%).
 - Top Performers also place a much higher priority on generating brand loyalty through the incentive travel experience with 18% indicating this as their most important consideration as opposed to only 4% of Comparators.
 - Ease of administration is also a distinguishing priority for Top Performers (18% to 4% of Comparators.)
 - Comparators also place much greater priority on 'building emotional connections' and 'appealing across a large audience.'

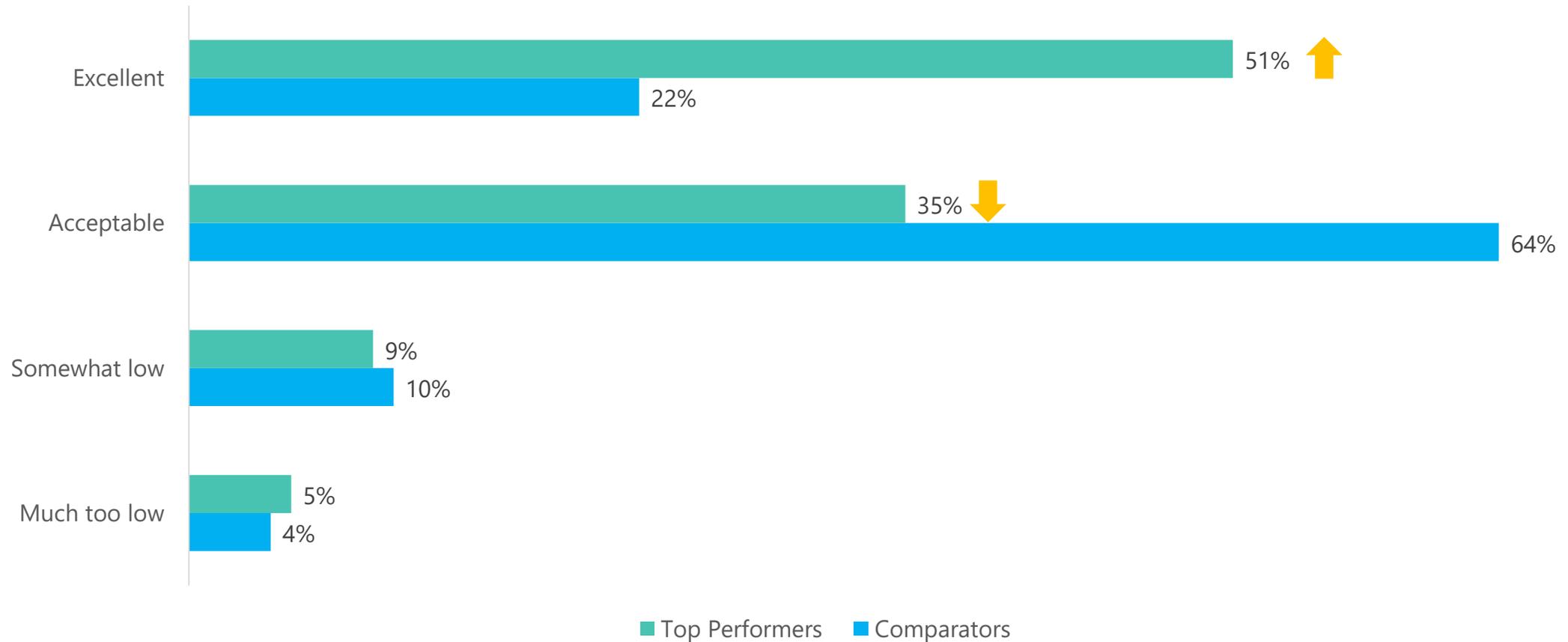
Priorities for Incentive Travel



Program Assessment: Staffing to Support Program

- Top Performers are more than twice as likely as Comparators to rate the staffing support of their programs as excellent (51% to 22%)
 - This represents a significant increase from the previous year when only 20% of Top Performers described staff support as 'excellent', and most (65%) described staffing support as 'acceptable'.

Program Assessment: Staffing to support program

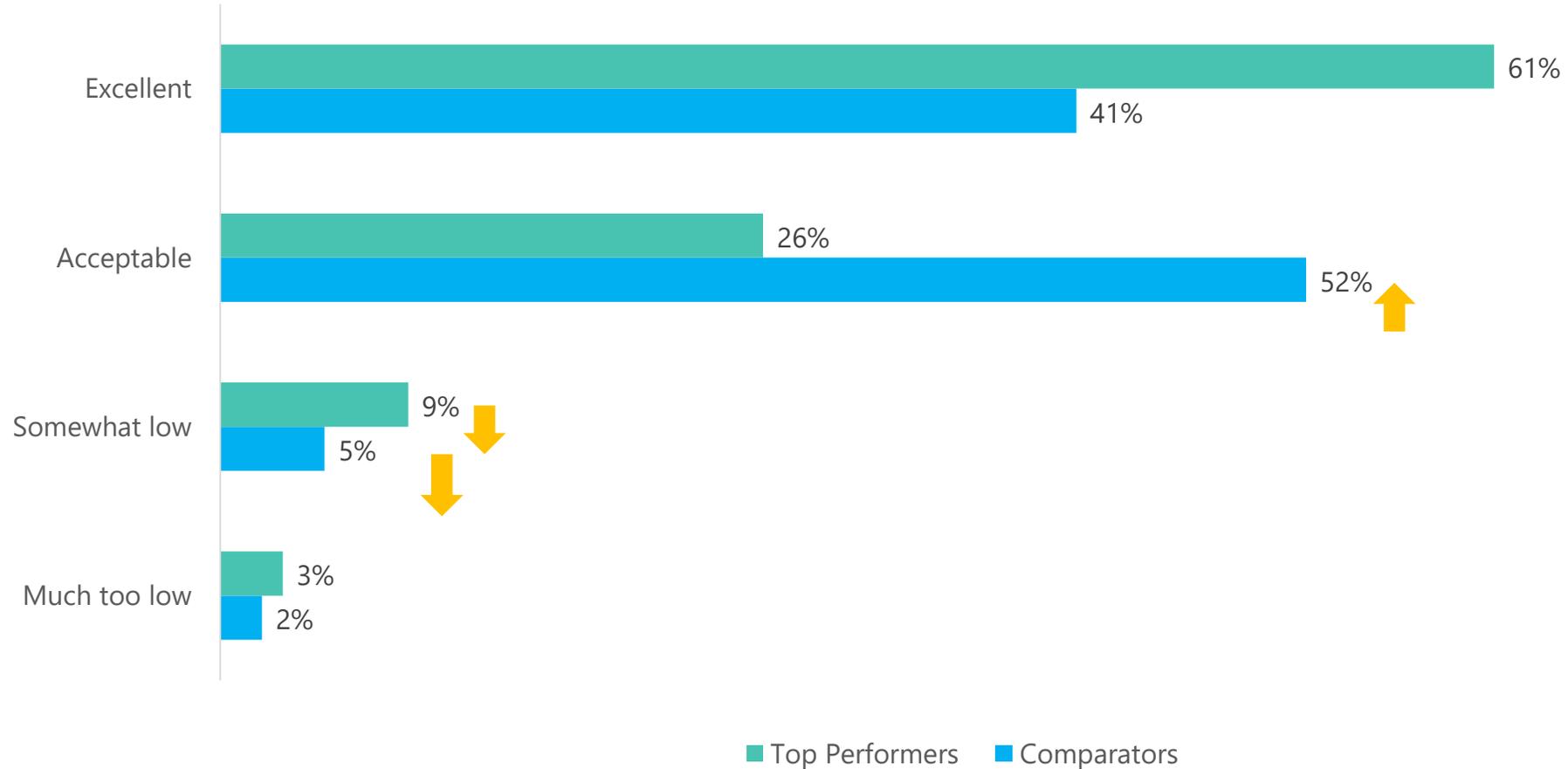


For each line item below, please indicate your assessment of your programs.

Program Assessment: Executive Support of Program

- The gap between Top Performers and Comparators on executive support of programs remains large with 61% of Top Performers rating executive support as 'excellent' vs. only 41% of Comparators.
 - Comparator executive support seems to be getting at least a bit stronger with the percentage rating support as 'acceptable' growing from 36% to 52% and the percentage describing support as 'somewhat low' declining from 13% down to 5%.

Program Assessment: Executive support of program

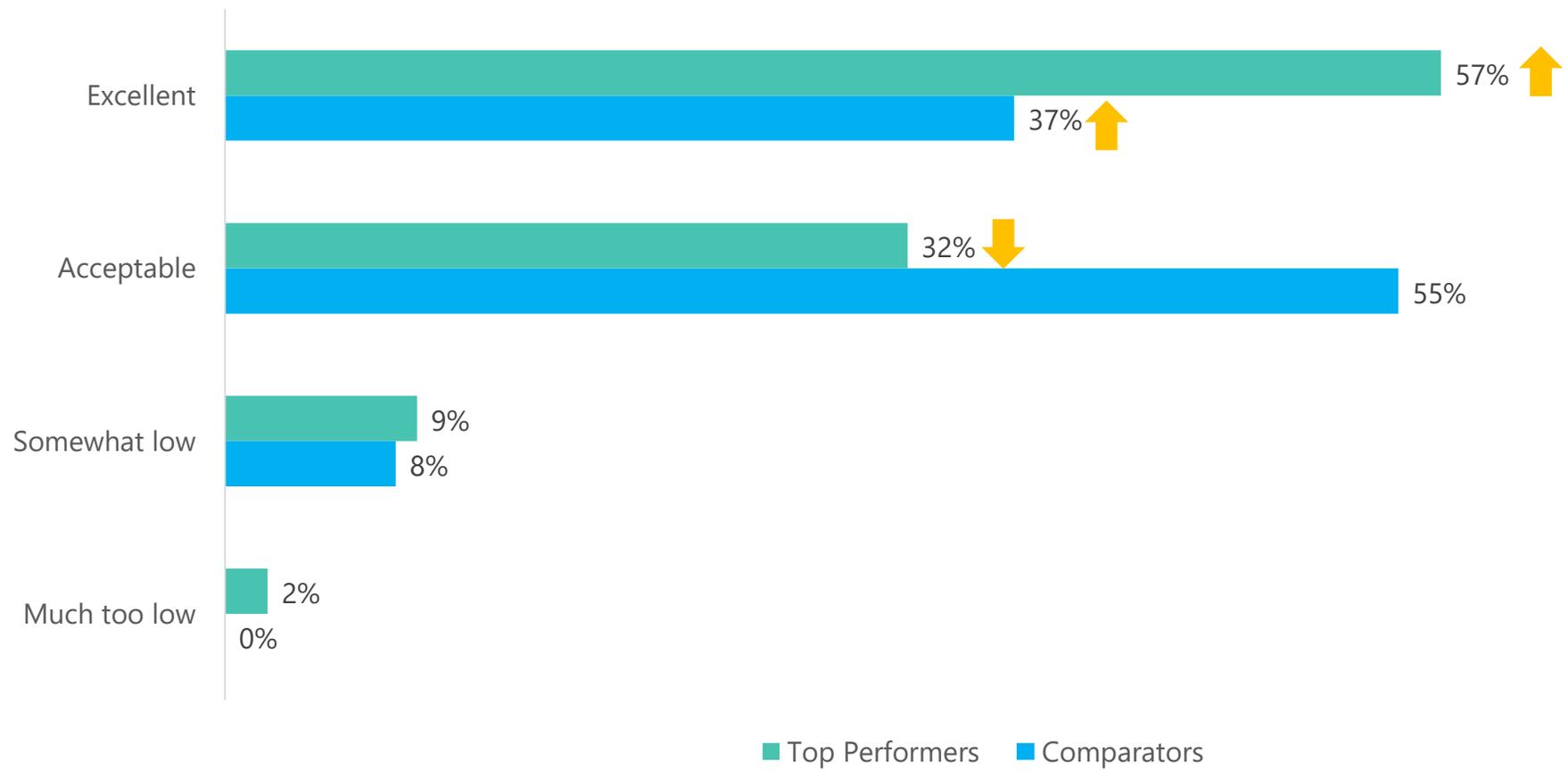


For each line item below, please indicate your assessment of your programs.

Program Assessment: Alignment to Corporate Goals

- This is another area on which tech Top Performer ratings jumped significantly this year.
 - Last year, 39% described their program's alignment to corporate goals as 'excellent', improving to 57% this year.
 - While still lagging behind Top Performers, Comparators who rated alignment to corporate goals as 'excellent' improved from 26% to 37%

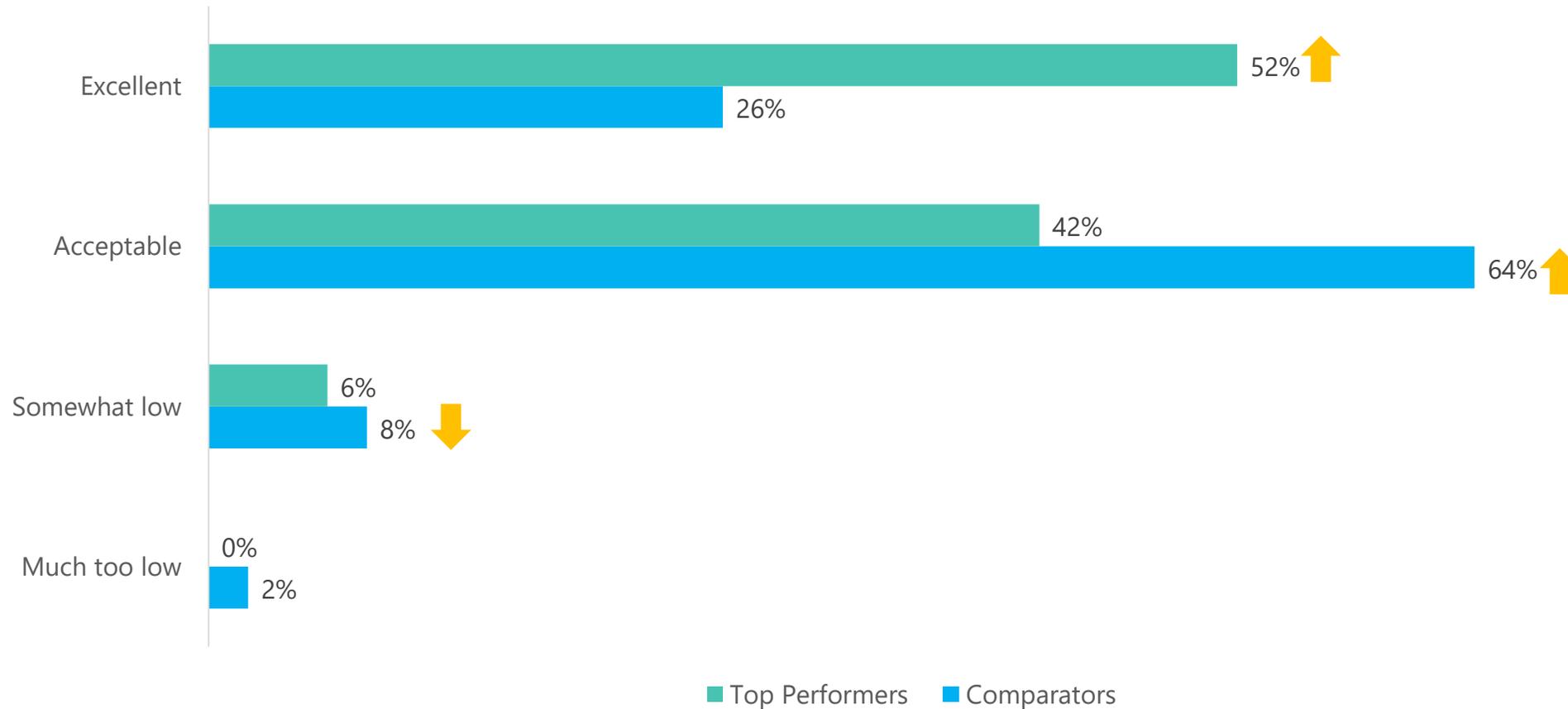
Program Assessment: Alignment to corporate goals



For each line item below, please indicate your assessment of your programs.

- The percentage of Top Performers rating program budget as 'excellent' increased from 43% to 52%, further widening the gap with Comparators, 26% of whom rated their budget as 'excellent', similar to last year's 30%.

Program Assessment: Budget

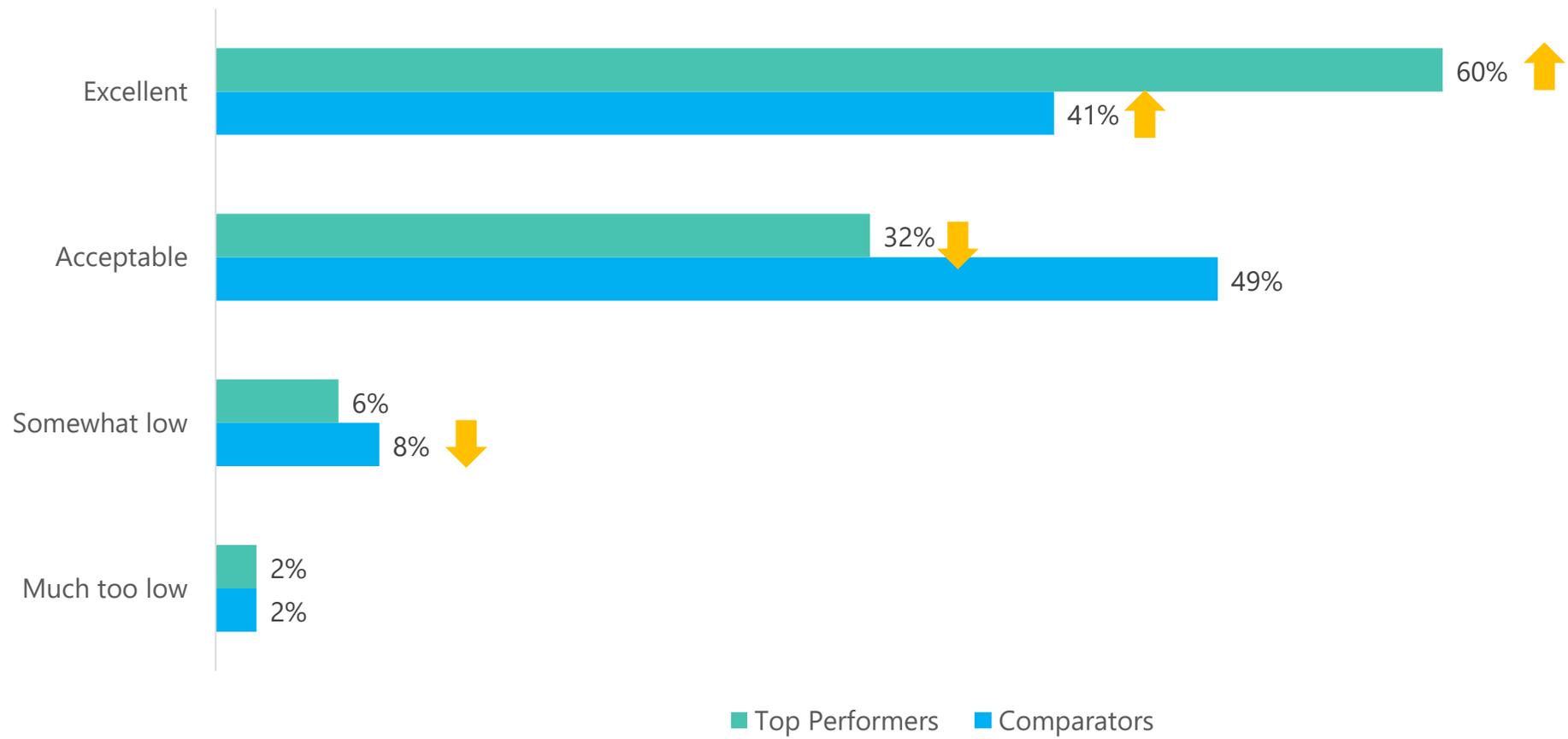


For each line item below, please indicate your assessment of your programs.

Program Assessment: Participation

- Of all the measured increases from the previous year, participation among Top Performers was one of the largest, with the percentage describing the participation as 'excellent' increasing from 35% to 60%.
 - There was also an increase in Comparators' participation, with the percentage describing participation as 'excellent' increasing from 30% to 41%.
 - The gap between Top Performers and Comparators on participation widened despite the respective increases.

Program Assessment: Participation

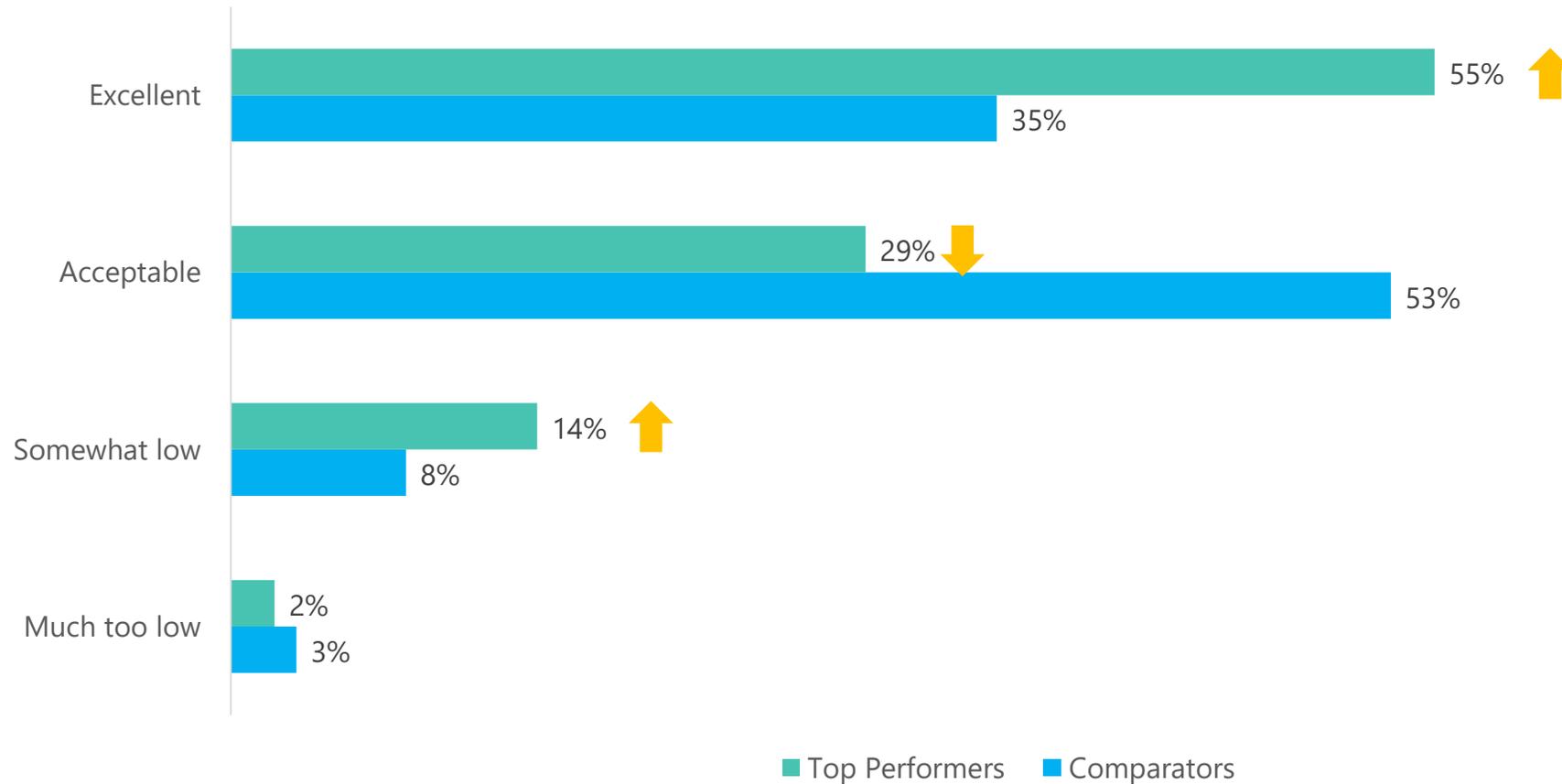


For each line item below, please indicate your assessment of your programs.

Program Assessment: Manager Buy-in

- Manager Buy-in also increased for Top Performers, with the percentage rating manager buy-in as 'excellent' rising from 43% to 55%, while the percentage of Comparators rating manager buy-in as excellent remained stable (39% in 2018, 35% in 2019.)

Program Assessment: Manager Buy-in



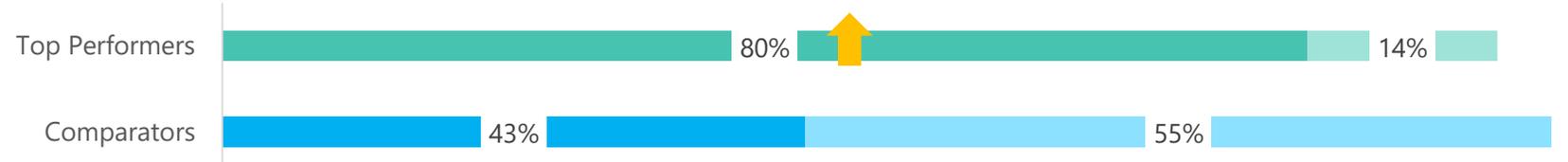
For each line item below, please indicate your assessment of your programs.

Reward and Recognition Perspectives

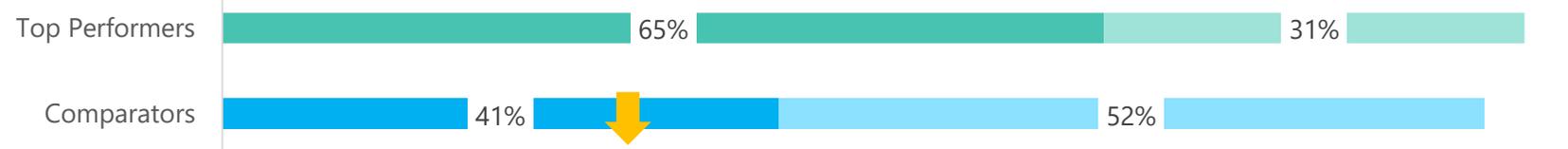
- Top Performers were more likely to hold positive beliefs regarding reward and recognition compared to others.
 - 80% of top performing companies strongly agreed that their executives believed reward and recognition were a critical component to driving company performance compared to only 43% of others.
- One cautionary note, however, is that Top Performers were also more likely to agree that they run some or all of their programs because 'that is what we've always done' compared to others (49% to 35%).
 - This suggests that even top performing companies will sometimes accept their programs because they are simply part of the culture, rather than re-evaluating them each year.

R&R Perspectives

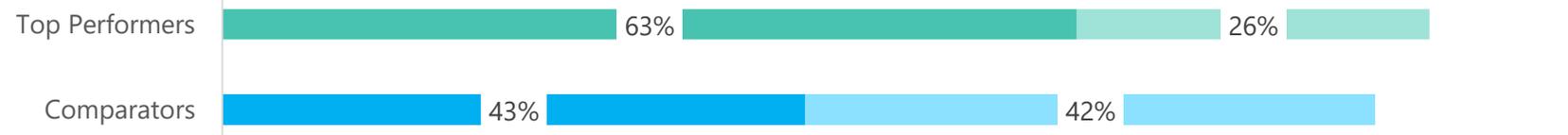
Our executives believe that rewards and recognition are a critical tool in managing the performance of the company.



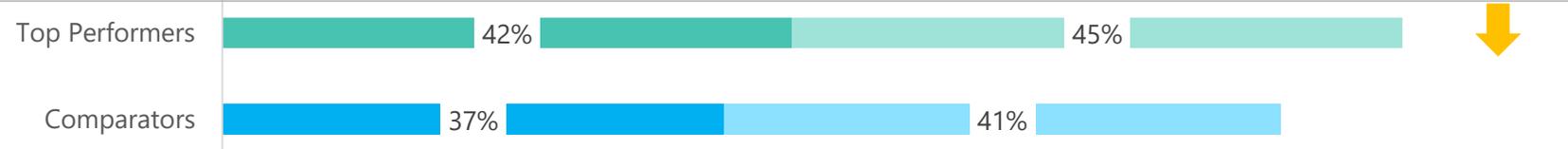
The reward and recognition programs we design and run reflect who we are as a company.



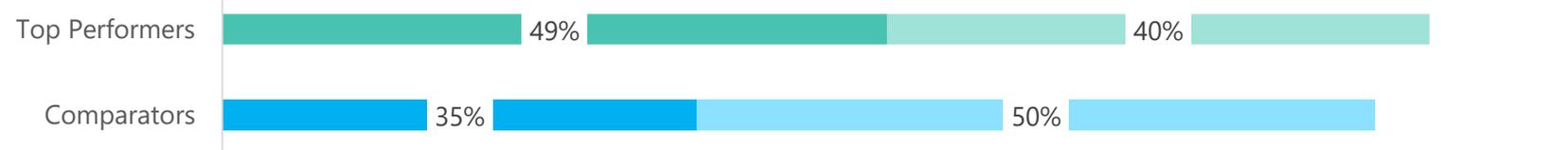
Reward and recognition programs are expected in our industry.



Non-cash rewards are more memorable than cash.



We run some or all of our programs because that is what we've always done.



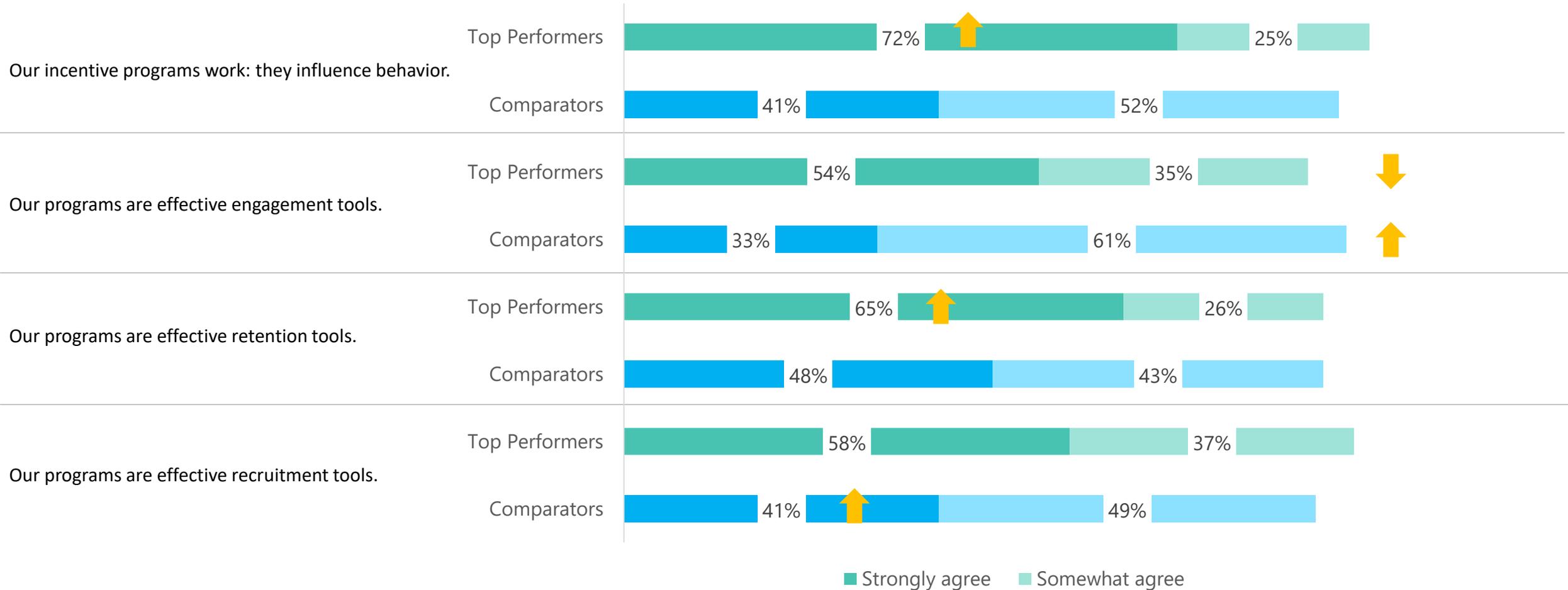
Strongly agree Somewhat agree

Finally, for each of the statements below, please indicate the degree to which you agree.

Reward and Recognition Effectiveness

- The data show that much greater percentages of tech Top Performers agree their programs are effective across the board compared to others.
 - The data suggest that tech Top Performers' belief in their programs' effectiveness to influence behavior and assist retention has grown stronger since last year.

R&R Effectiveness

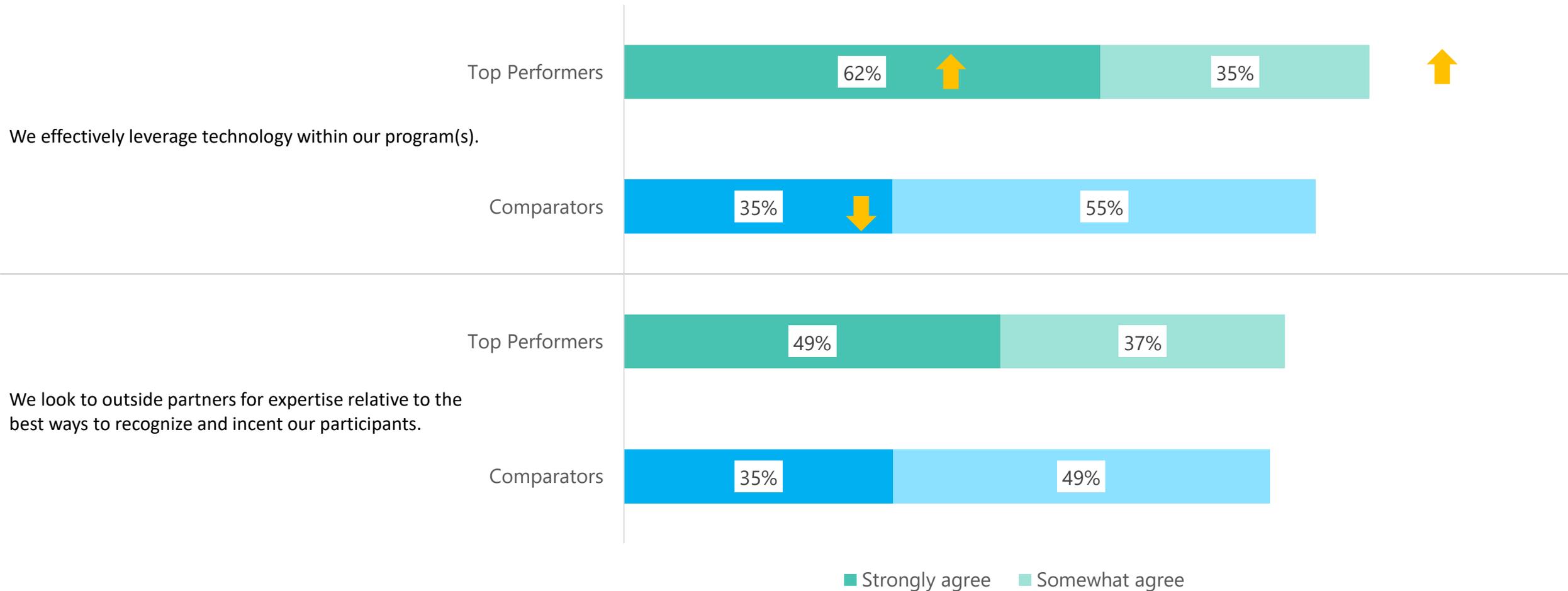


Finally, for each of the statements below, please indicate the degree to which you agree.

Reward and Recognition Leverage

- Similarly, tech Top Performers report greater leverage of outside partners and technology to enhance their programs.
 - The percentage of Top Performers leveraging technology has grown significantly since last year, while the Comparator group has not grown in a comparable manner.

R&R Leverage



Finally, for each of the statements below, please indicate the degree to which you agree.

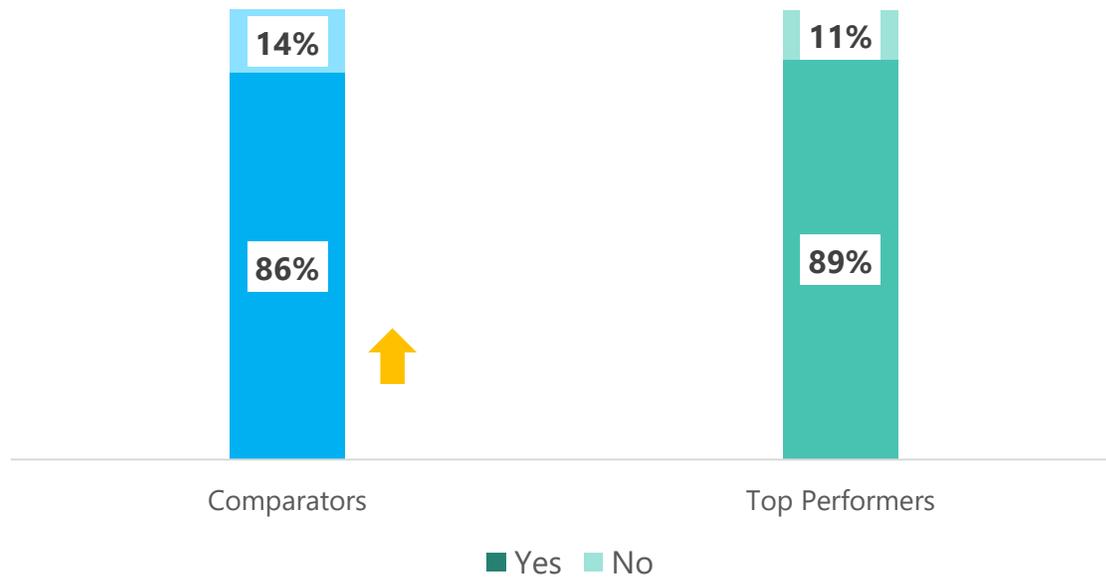
SALES PROGRAMS

Top Performer Group Incentive Trips

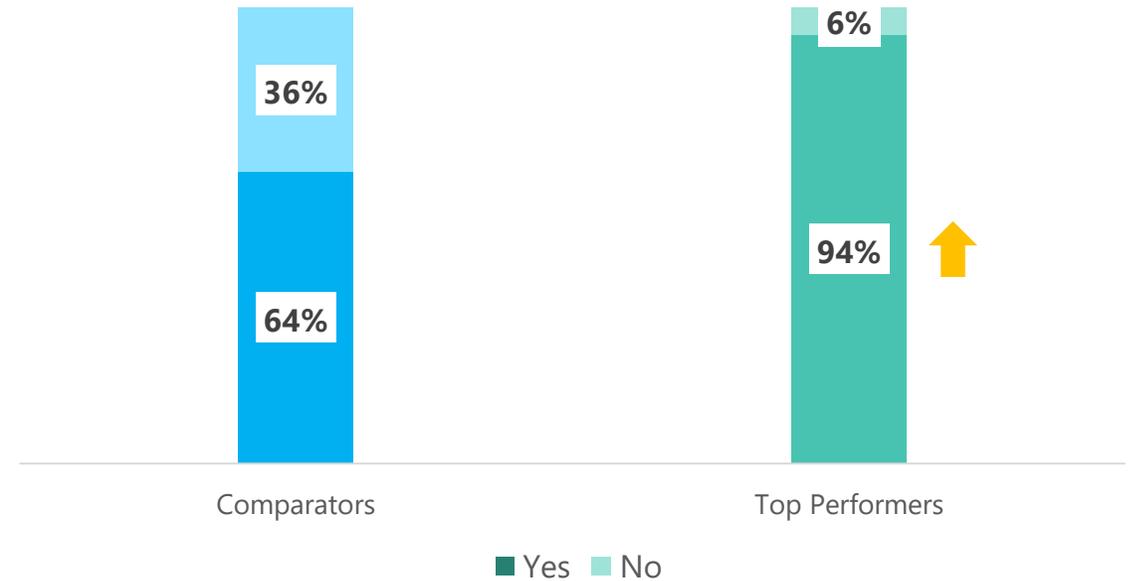
- The data show Comparators significantly increased the percentage who gave a top performer award since last year (66% increased to 86%) while Top Performers remained consistently high from the previous wave (89%).
- Top Performers did, however, increase the percentage of incentive trips within top performer awards (80% to 94%) so that nearly every top performer award includes an incentive trip.
 - This means 84% of Top Performing tech companies offer their top performing sales professionals an incentive trip, compared to 55% of Comparators.

Top Performer Group Incentive Trips

Program Includes Top Performer Award



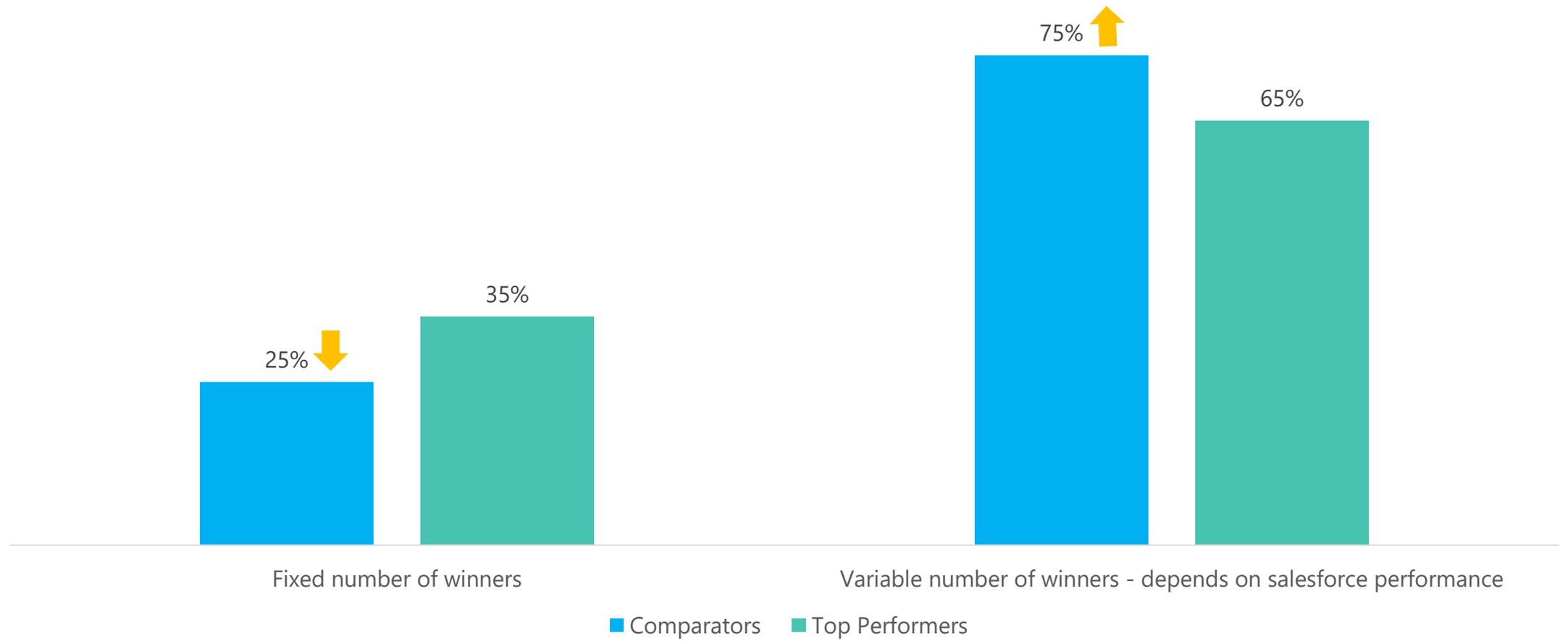
Top Performer Award Includes Group Trip



Limits on Number of Top Performer Trip Winners

- In this instance, the number of 'variable winners' increased for the Comparator groups (55% to 75%) compared to last year, while the percentage of variable winners for Top Performing companies stayed about the same (68% last year; 65% this year).
 - While the vast majority are set up for variable numbers of winners, the Comparator group 'caught up' and passed Top Performers in taking this approach.

Limits on Number of Top Performer Trip Winners

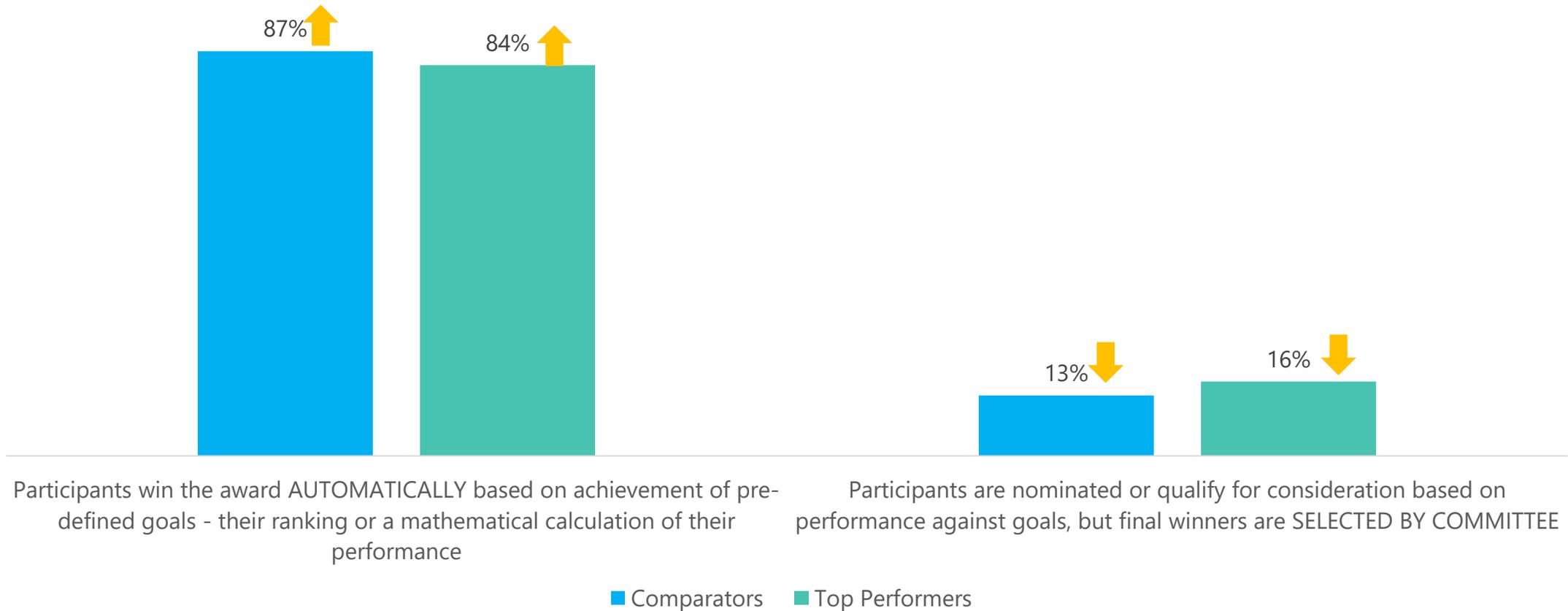


Is the number of Top Performer trip winners set in advance, or does it vary based on the performance of the salesforce?

Objective Qualification: Top Performer Sales Incentive Trip

- Similar percentages of Top Performing and Comparator companies automatically win sales incentive awards based on achievement of pre-determined goals.
 - The data indicate an overall shift where more tech companies overall are automatically qualifying participants based on achievement of the pre-defined goals.

Objective Qualification: Top Performer Incentive Trip

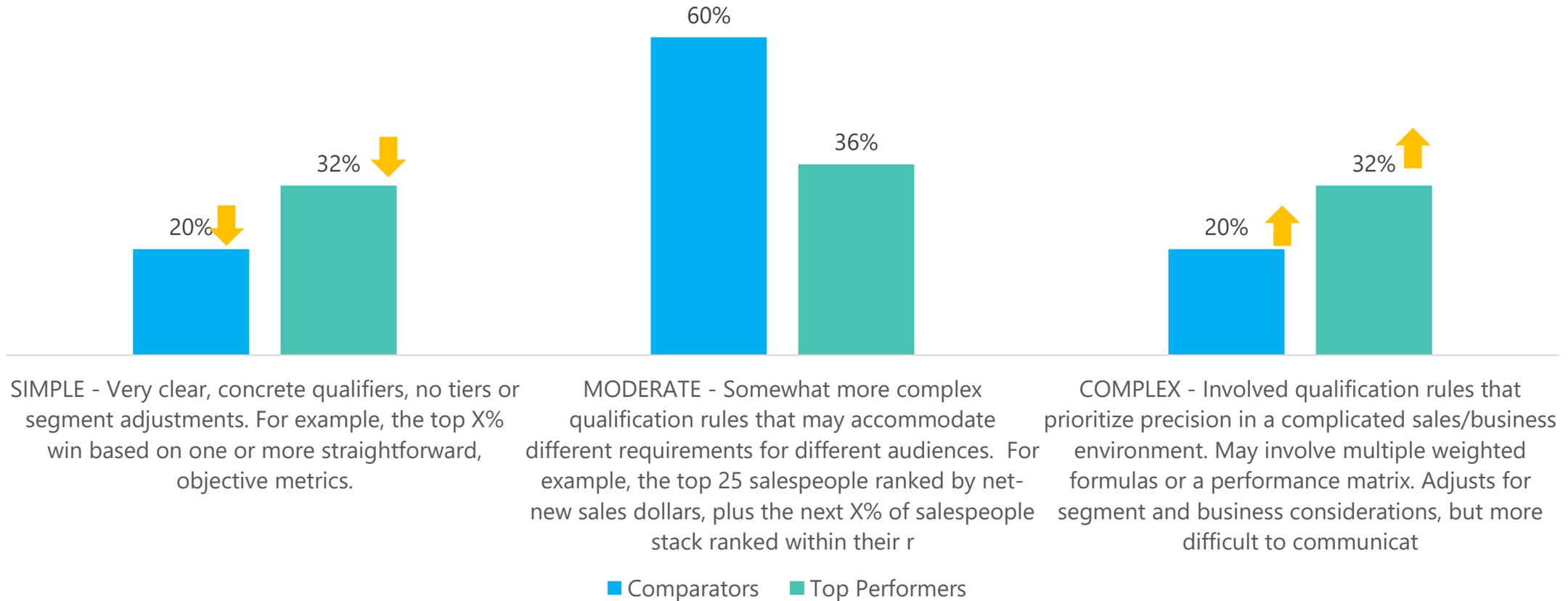


Which of the below BEST describes the qualification process for the sales Top Performer incentive trip?

Qualification Complexity: Top Performer Sales Incentive Trip

- Among Top Performers, there is a fairly even split on the level of qualification complexity, although the data suggest qualification complexity is increasing for tech companies overall.
 - Most Comparators (60%) have 'moderate' complexity in their qualifying criteria.

Qualification Complexity: Top Performer Incentive Trip

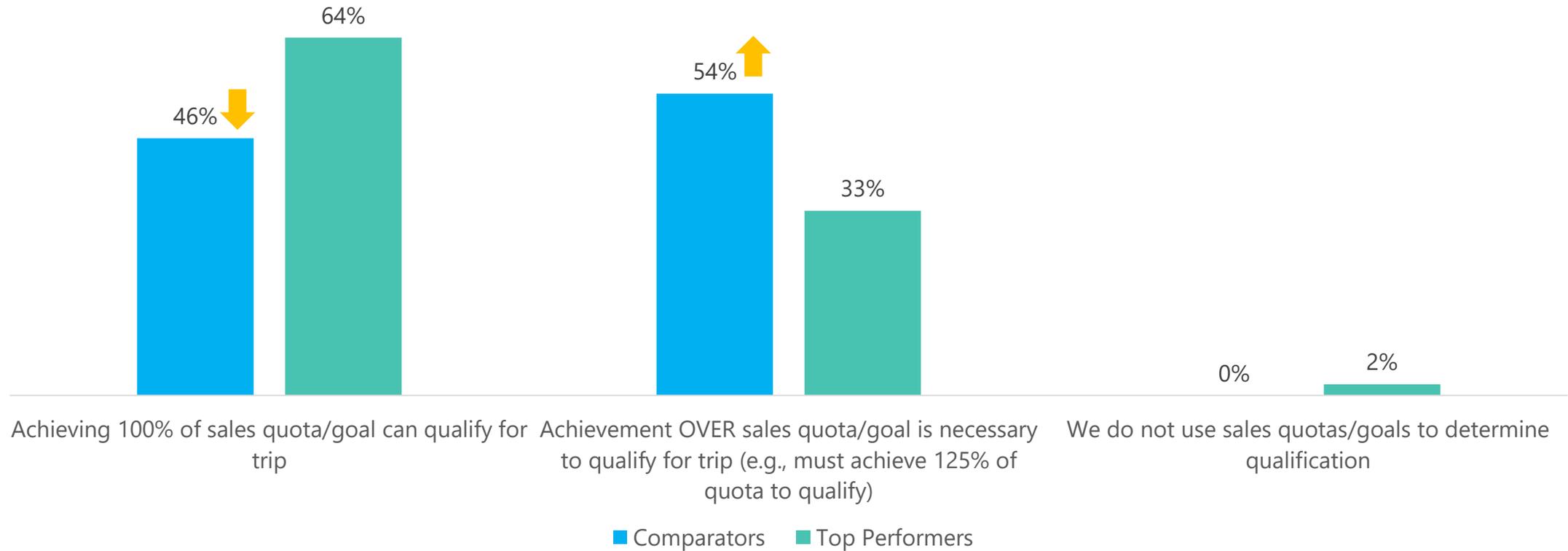


Which of the following best describes your qualification criteria for the Top Performer incentive trip?

Sales Quotas: Top Performer Sales Incentive Trip

- Two-thirds (64%) of salespersons for Top Performing tech companies can earn a sales incentive trip by achieving 100% of their goals compared to others who are much more likely to require salespeople to exceed quota.

Sales Quotas: Top Performer Sales Incentive Trip

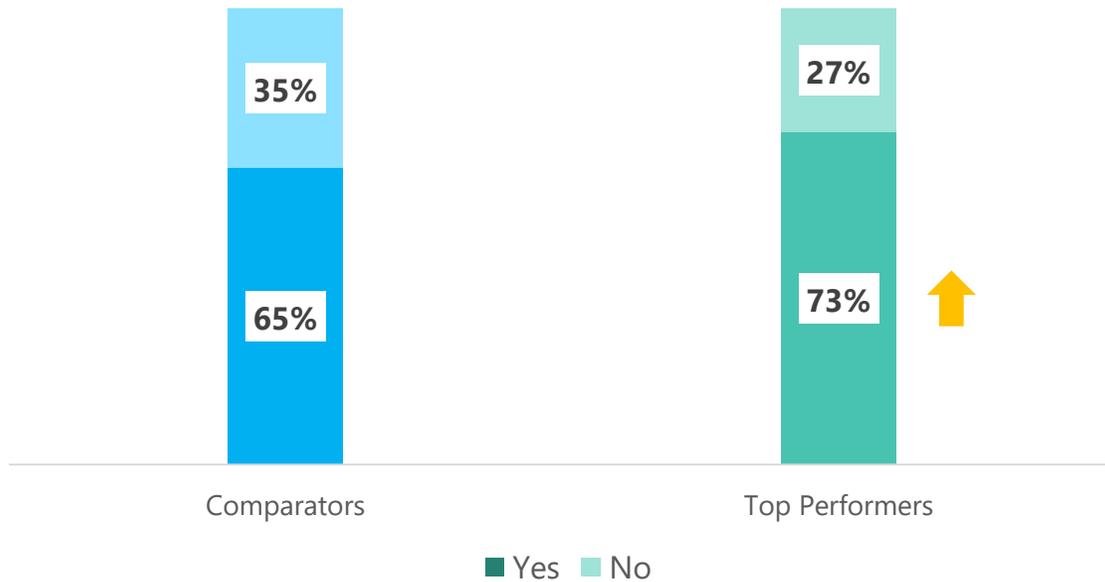


Reward Achievability: Top Performer Sales Incentives

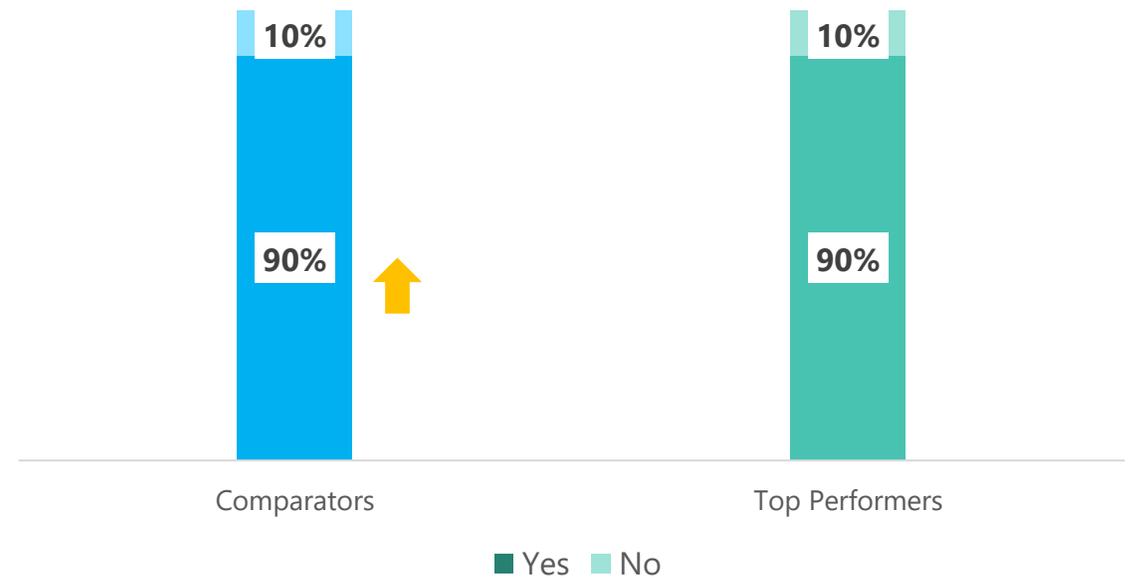
- Top Performers appear to have a higher percentage who allow 'special rules' for new salespeople (73% vs 65% of Comparators) that allow them a better chance of earning a place on the trip.
- Nine-out-of-ten (90%) of tech companies overall have a tiered structure for maximizing reach to allow salespeople who don't qualify for the trip to earn other rewards.
 - There is no distinction between Top Performers and Comparators.

Reward Achievability: Top Performer Sales Incentives

Special Rules for New Salespeople Top Performer Award



Tiered Structure for Maximizing Reach Beyond Top Performer Award



Do you have special rules for new salespeople that allow them a better chance to earn a place on the trip?

Is your Top Performer award program tiered - allowing salespeople who don't qualify for the trip to earn other rewards, such as award points, gift cards, or merchandise?

Program Rules: Threshold to begin Earning Rewards

- Top Performers have a much higher percentage who allow salespeople to earn rewards on 'dollar one' with no minimum sales or quota required (38% to 14%).
- Even though both Top Performers and Comparators are most likely to structure their sales incentive programs where salespeople begin earning rewards before they achieve their sales quota but after they meet a minimum level of sales, Comparators are more likely to engage in this practice compared to Top Performers by a 67% to 47% margin.

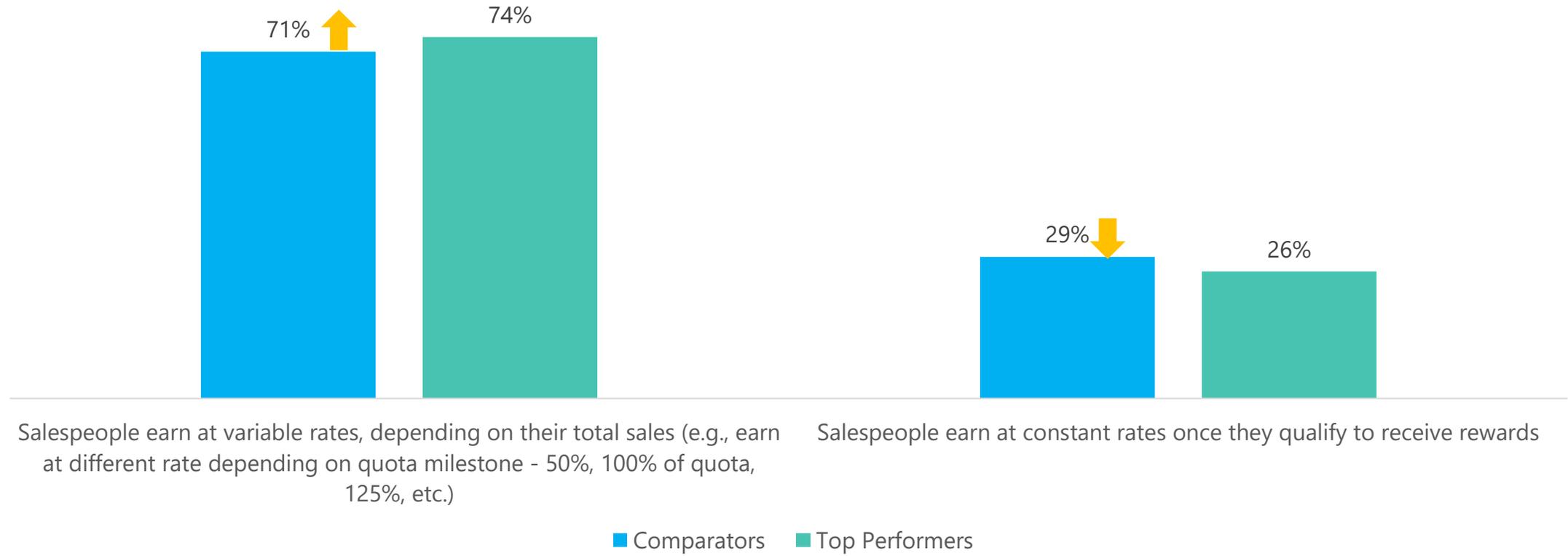
Program Rules: Threshold to begin Earning Rewards



Program Rules: Rate of Earning Rewards

- Seven-of-ten tech companies structure their programs where salespeople earn at variable rates depending on the quota milestone.
 - Top Performers do not differ significantly from others in this regard.

Program Rules: Rate of Earning Rewards

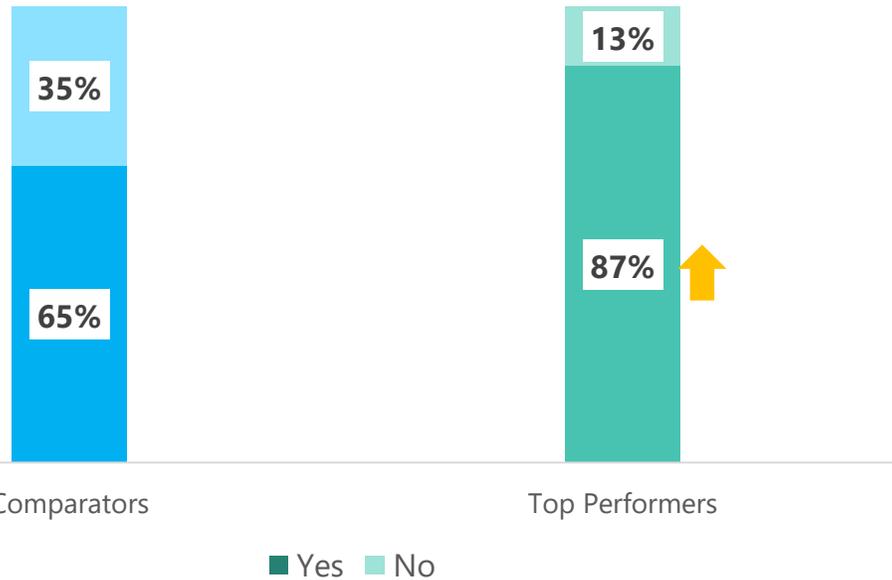


Reward Approach: Non-Travel Rewards

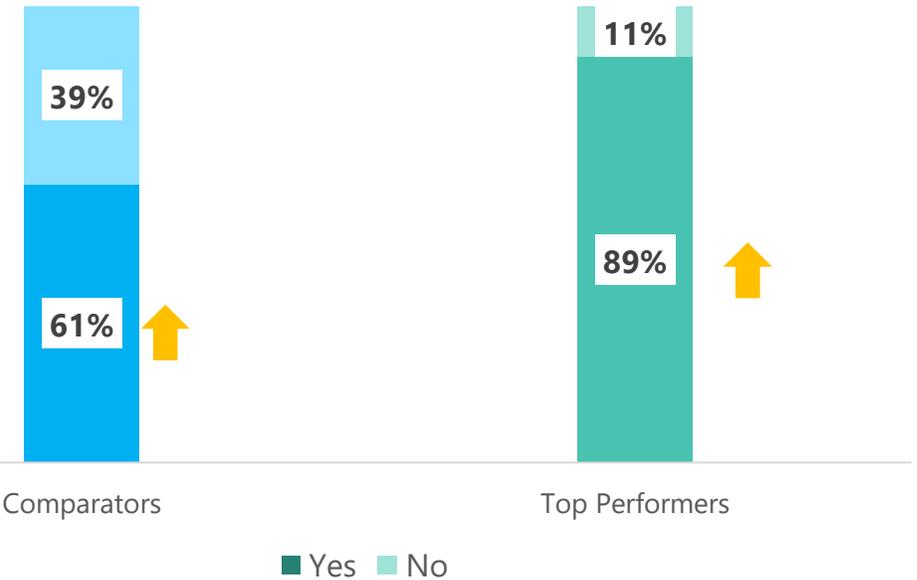
- Top Performers offering a 'fast start' rose from 67% to 87% while the percentage of Comparators offering a fast start remained stable from a year ago (65% this year; 64% last year.)
- Both Top Performers and Comparators saw an increase in the percentages that offered awards without earning limits—50% to 89%, for Top Performers, while Comparators showed a more modest lift—52% to 61%.

Reward Approach: Non-Travel Rewards

Special Rules for New Salespeople Non-Travel Rewards



Any Programs without Earning Limits?



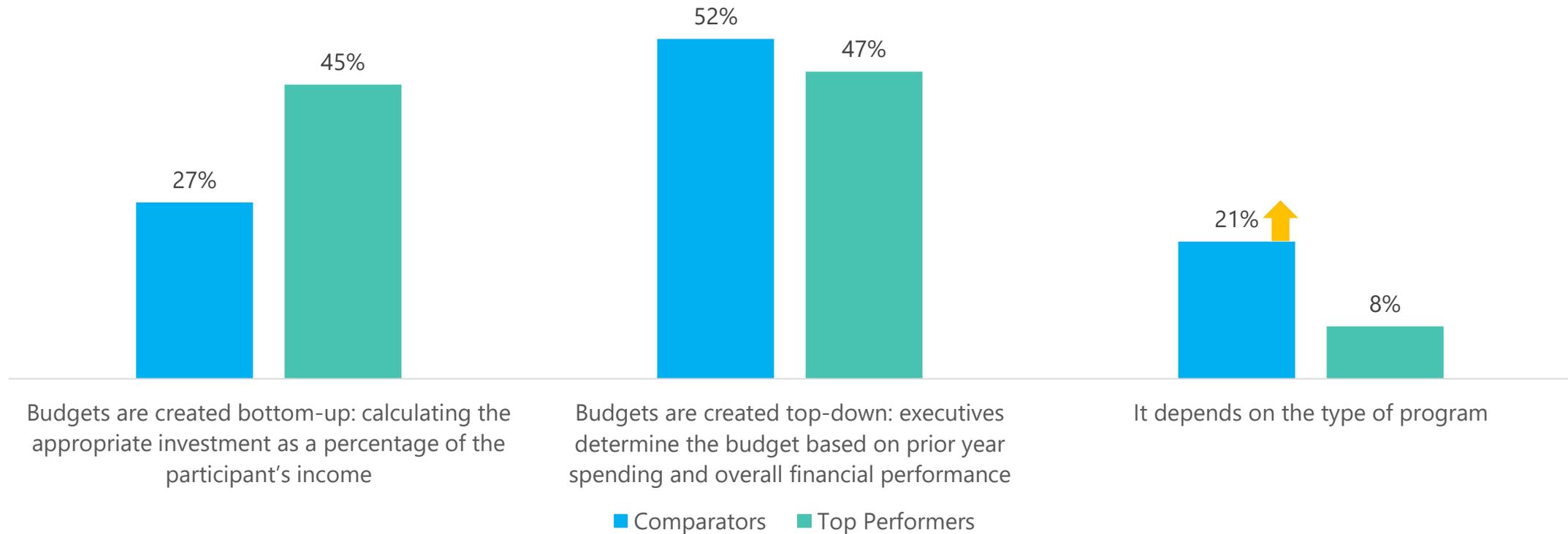
Regarding award points, gift cards, and merchandise rewards, does your non-cash sales incentive program have a "Fast Start" that allows new salespeople to quickly earn, giving them early "wins" to boost their motivation?

Do you operate any non-cash sales incentive programs that do not have a "top-stop" - meaning the sales person can earn unlimited awards based on the amount of product/service they sell?

Budget Approach

- While there were some slight shifts in the percentages, the results are similar to the previous wave where Top Performers have a greater percentage of budgets created bottom-up (calculating the approximate investment as a percentage of the participant's income) vs. Comparators (45% to 27%.)

Budget Approach

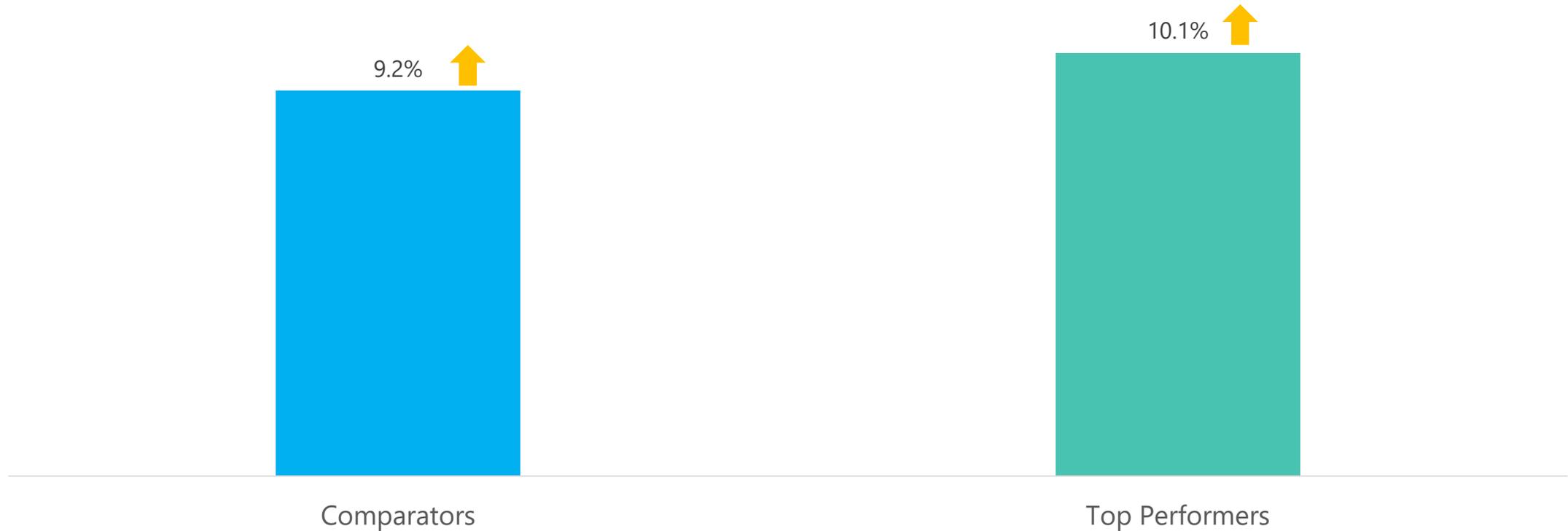


Which of the options below best describes your company's approach to budgeting for your sales incentive programs?

Bottom-Up Budgeting Rate

- Both tech Top Performers and Comparators reported they are spending a greater percentage of their income as the approximate annual spend for non-cash rewards and recognition for salespeople compared to the previous year.
 - Top Performers went up from 6.7% to 10.1%; Comparators went up from 8.1% to 9.2%.
 - Top Performers are now spending a greater percentage of their budget on non-cash rewards for salespeople vs. Comparators.

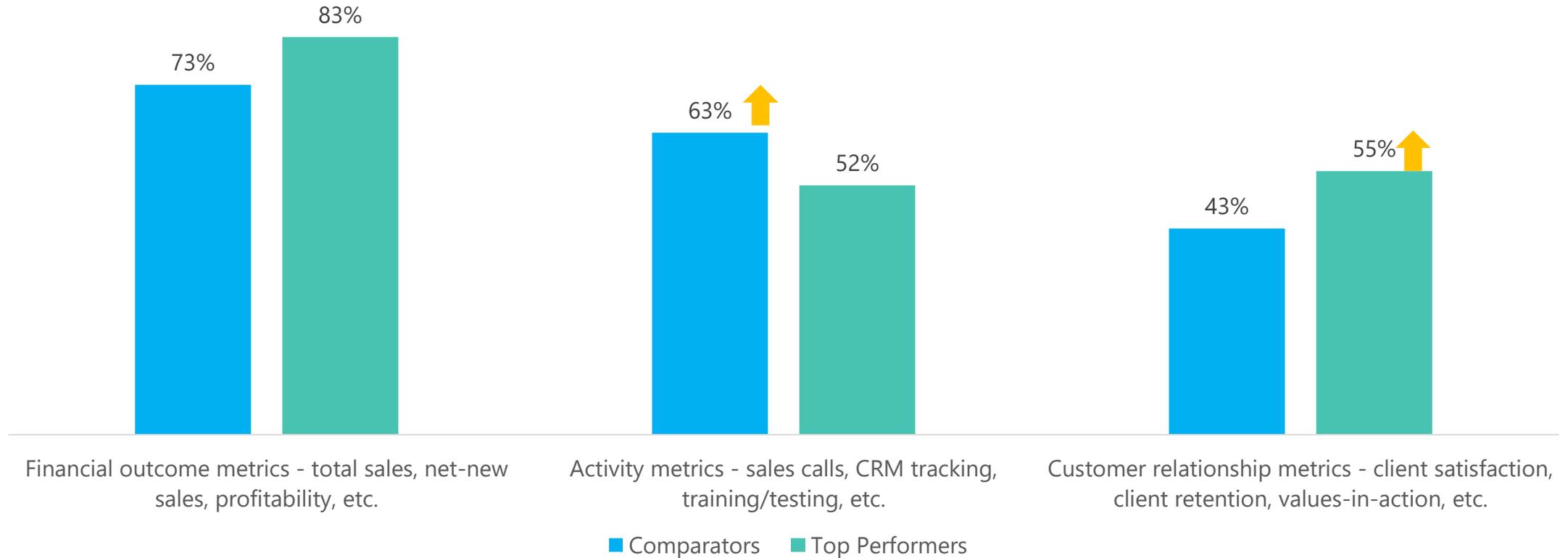
Bottom-Up Budgeting Rate



Qualification Metrics: Top Performer Incentive Trip

- Top Performing tech companies are much more likely to use financial metrics for their top performer incentive sales trips versus Comparators, with 83% of Top Performers using financial criteria compared to 73% of Comparators.
- Top Performing companies are also more likely to use customer relationship metrics as a qualifying metric by a 55% to 43% margin.
 - The focus on customer relationship metrics has grown from Top Performers since last year when only 46% used customer relationship metrics as part of the qualification process.
- Comparators are more likely to focus on activity metrics (63%) vs. Top Performers (52%).

Qualification Metrics Top Performer Incentive Trip

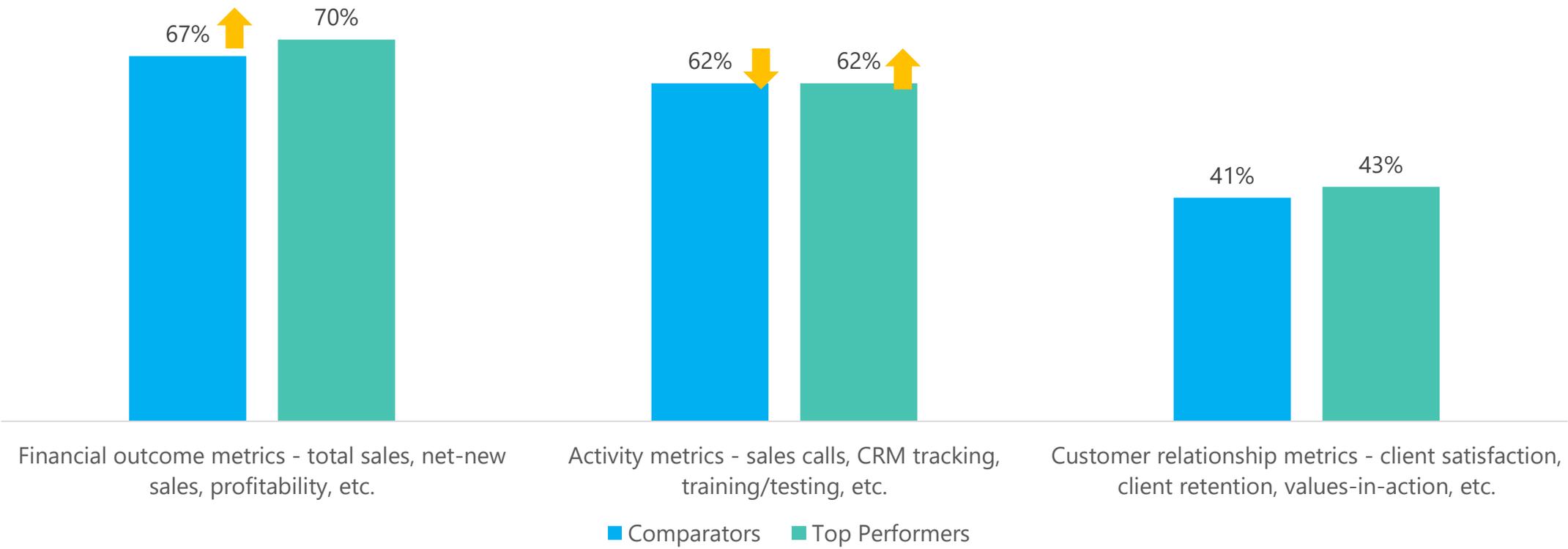


Which of the below best describes the types of metrics on which salespeople qualify for the Top Performer incentive trip?

Qualification Metrics: Award Points, Gift Cards, & Merchandise

- There are no meaningful differences between Top Performers and Comparators on the use of qualification metrics for award points, gift cards, and merchandise.
 - Financial outcome metrics are most likely to be used for both, followed closely by activity metrics.

Qualification Metrics: Award Points, Gift Cards, & Merchandise



Which of the below best describes the metrics on which salespeople can earn award points, gift cards, and merchandise?

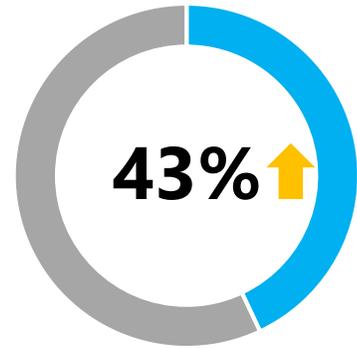
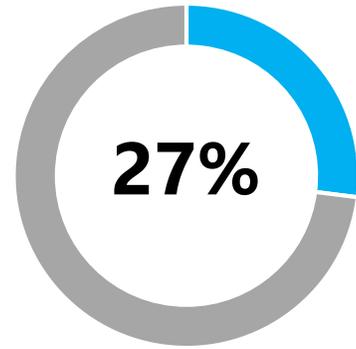
- Top Performers expect to take about a third (32%) of their salesforce on top performer incentive trips with Comparators a bit lower at 27%.
- Both Top Performers and Comparators expect approximately four-in-ten of their salespersons to receive reward points, gift cards, and merchandise.

Reward Reach

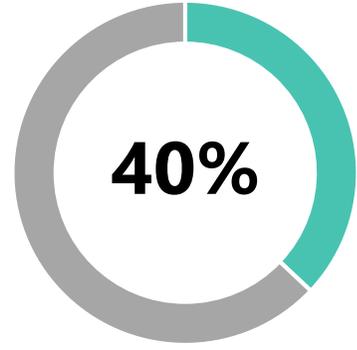
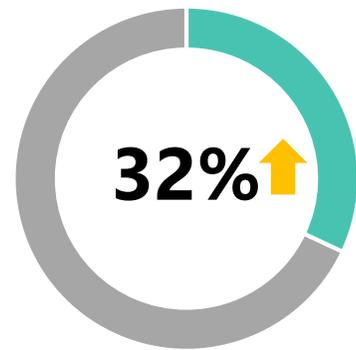
% Sales Reps Earning Trip

% Sales Reps Earning Reward Points,
Gift Cards, or Merchandise

Comparator Firms



Top Performing Firms

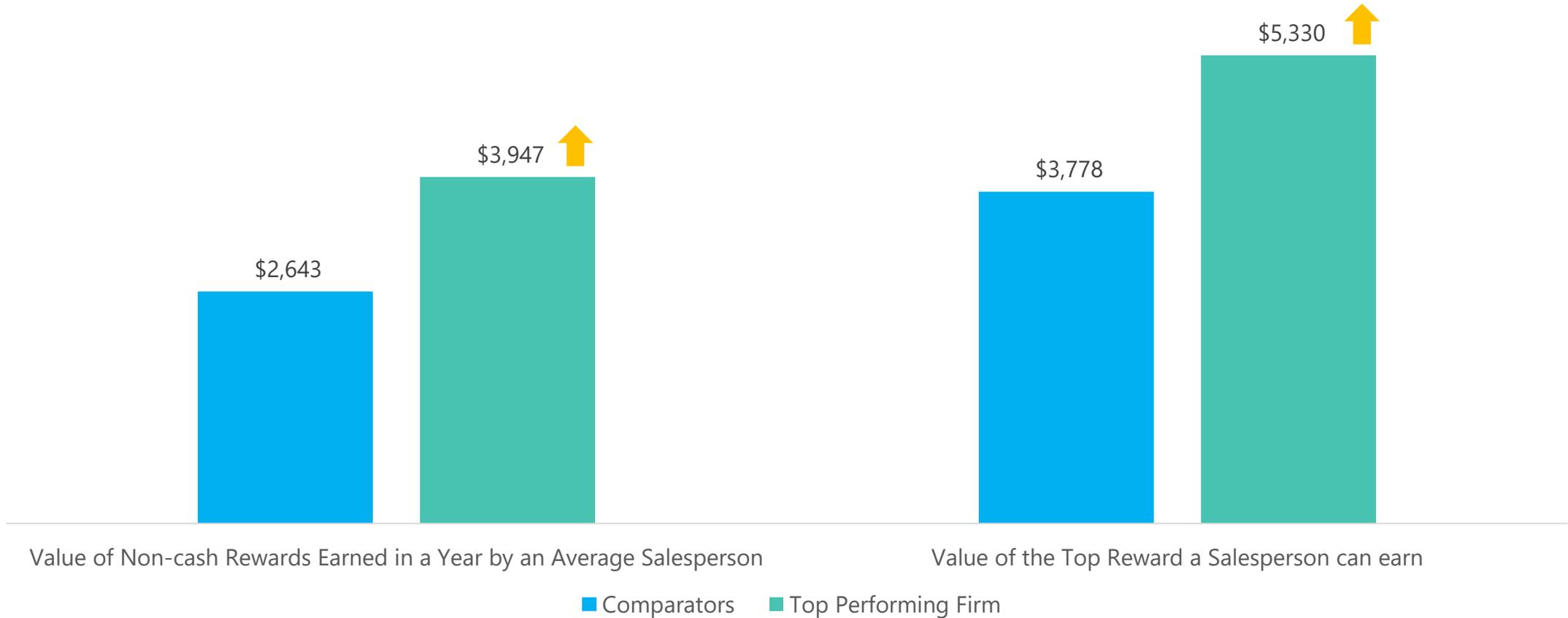


*Approximately what percent of your sales representatives do you take on the Top Performer incentive trip?
Regarding rewards other than group incentive travel, what percent of your salesforce do you expect to earn award points, merchandise, or gift cards in 2018?*

Average & Top Dollar Values: Award Points, Gift Cards, & Merchandise

- The data suggest that Top Performers have significantly increased the amount spent on non-cash rewards for salespeople, while Comparators are spending just slightly more.
 - Average amount spent by Top Performers went up from \$2685 to \$3947, while Comparators only went up from \$2036 to \$2643.
 - The value of top awards went up from \$4292 to \$5330 for Top Performers, the value of Comparator top awards went up from \$3408 to \$3778.

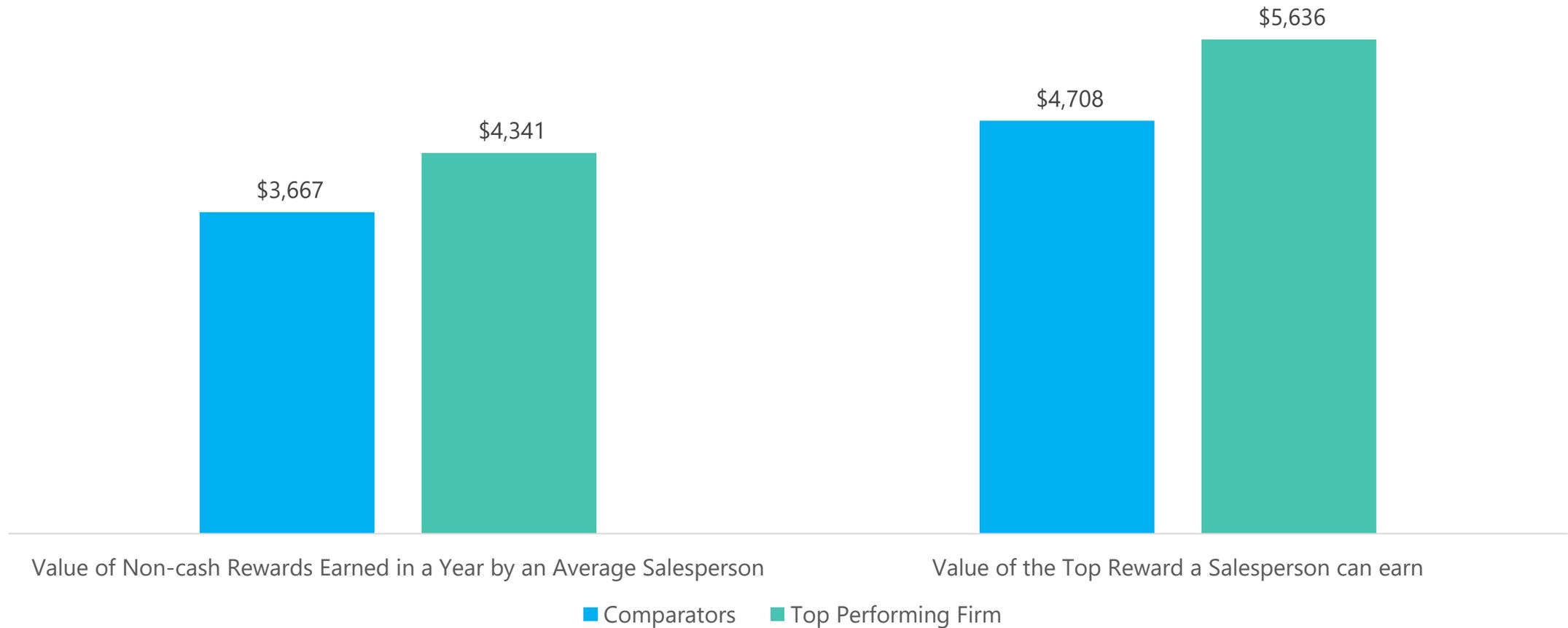
Average & Top Dollar Values: Award Points, Gift Cards, & Merchandise



Average & Top Dollar Values: Incentive Trips

- While the reported amount spent on award points, gift cards, and merchandise has risen since last year, the reported amount spent on incentive trips has declined a bit in the tech sector for both Top Performers and Comparators.
 - Average Top Performer spend on incentive trips has declined slightly from \$4464 to \$4341; while average Comparator spend has declined from \$4093 to \$3667..
 - Top Performer top spend declined from \$6833 to \$5636; while the top Comparator incentive trip spend declined from \$6000 to \$4708.

Average & Top Dollar Values: Incentive Trips



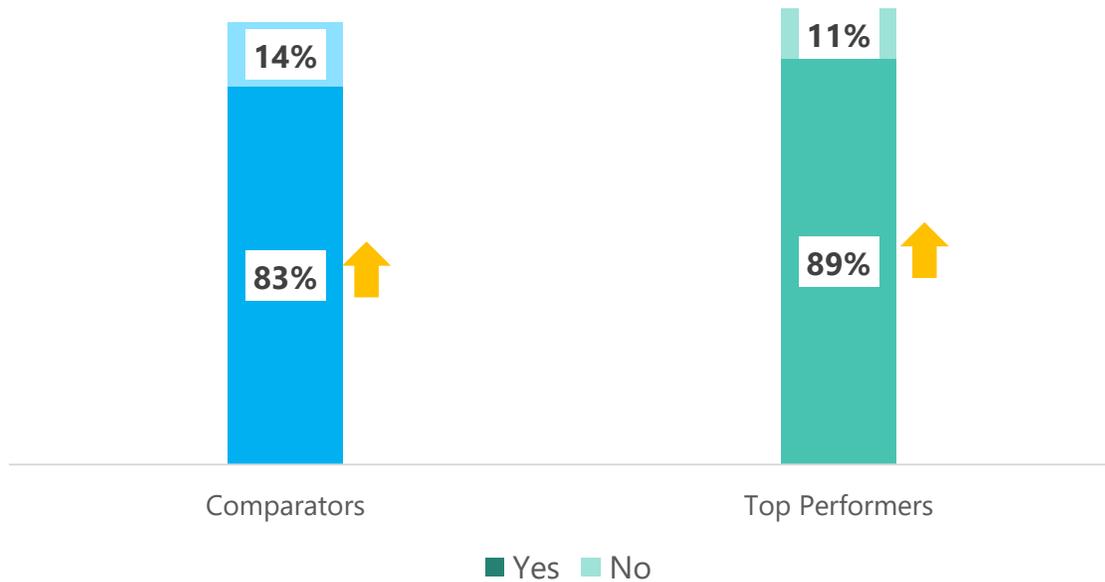
CHANNEL PROGRAMS

Top Performer Group Incentive Trips

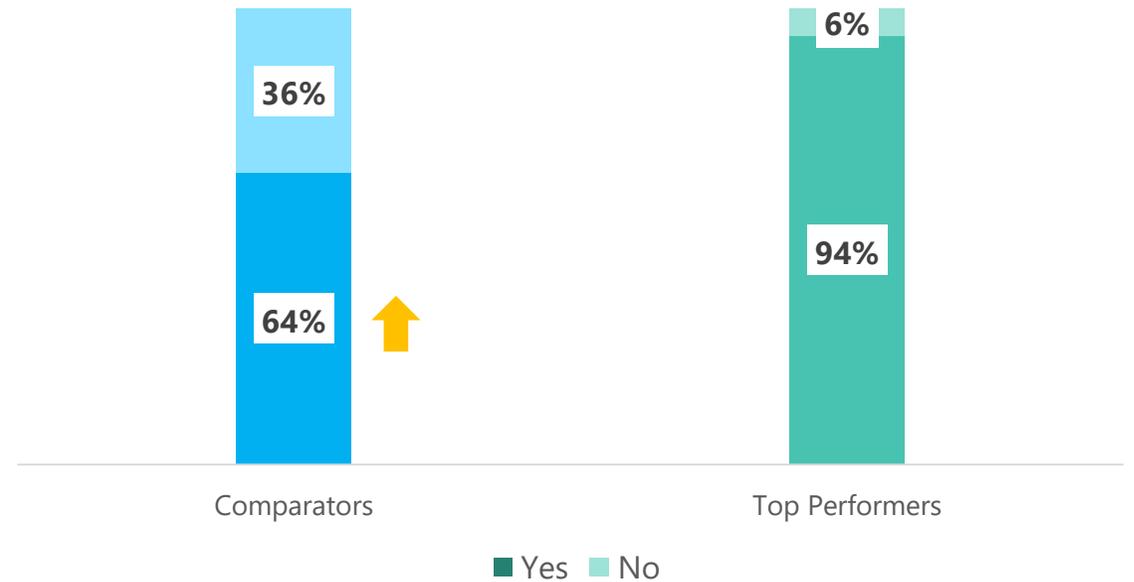
- The percentages who offer a 'top performer' award through their non-cash channel incentive programs has increased for both Top Performing companies and Comparators.
 - The percentage of Top Performing companies that offer a Top Performer award as part of their channel programs jumped from 64% to 89%.
 - Comparator companies offering top performer awards increased from 61% to 83%.
- The percentage of Top performing companies offering group incentive trips as part of a channel incentive program stayed high at 94% (93% last year), but with the overall increase in top performer awards, 84% of all Top Performing tech companies in the study now offer an incentive trip to their award-winning channel partners.
- The percentage of Comparators offering channel group incentive trips as part of a top performer program increased from 53% to 64%--53% of all Comparator tech companies. This is a significant increase from the 32% last year.

Top Performer Group Incentive Trips

Program Includes Top Performer Award



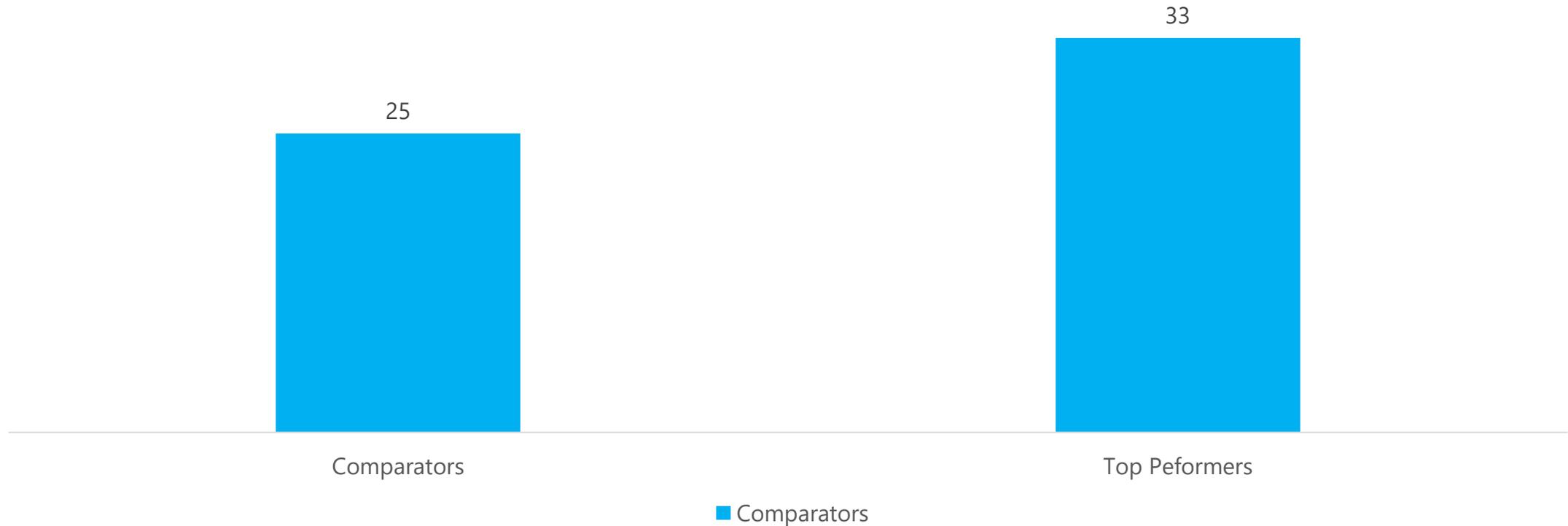
Top Performer Award Includes Group Trip



Median Number of Participants Earning Top Performer Incentive Trip

- While there is a lot of variation in the number of channel participants earning top performer Incentive trips both within both Top Performing companies and Comparators, Top Performers, on average, have a greater number of participants.
 - Number of participants among Top Performers range from 7 to 8900; median number of participants is 33, although the average number is 468.
 - Number of participants among Comparators range from 3 to 1000; median number of participants is 25, although the average number is 126.

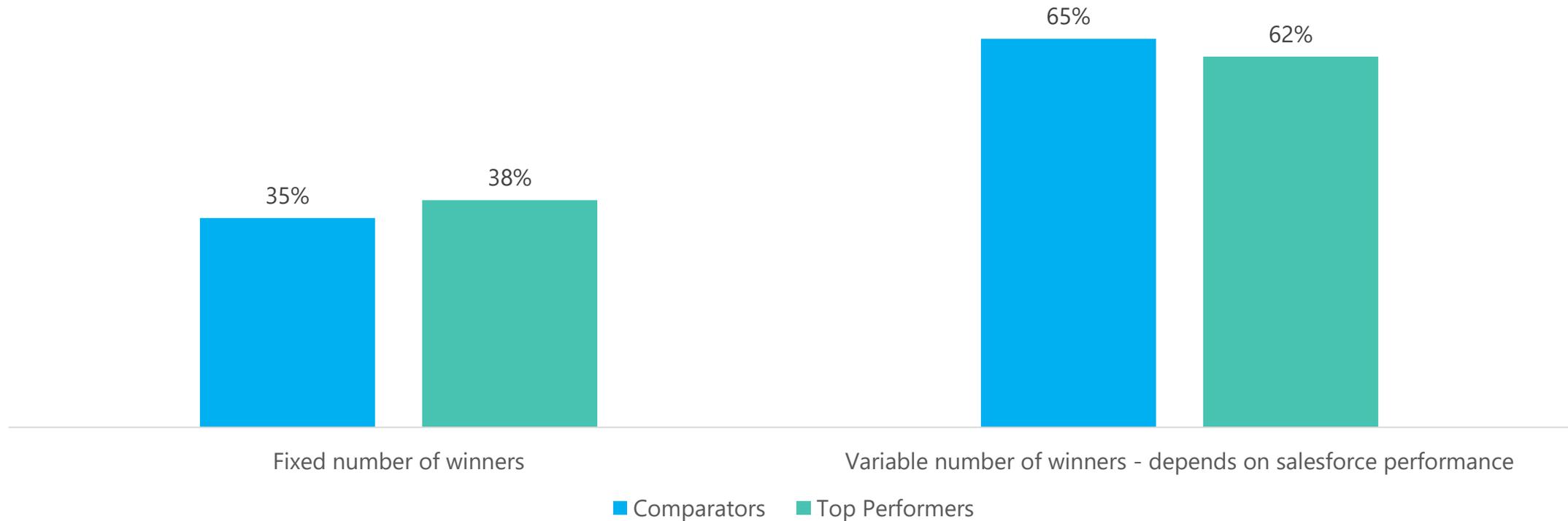
Median Number of Trip Attendees



Limits on Number of Top Performer Trip Winners

- Approximately two-thirds of tech companies have a variable number of winners for their top performer trip.
 - There are no meaningful differences between Top Performers and Comparators on variable vs. fixed winners.

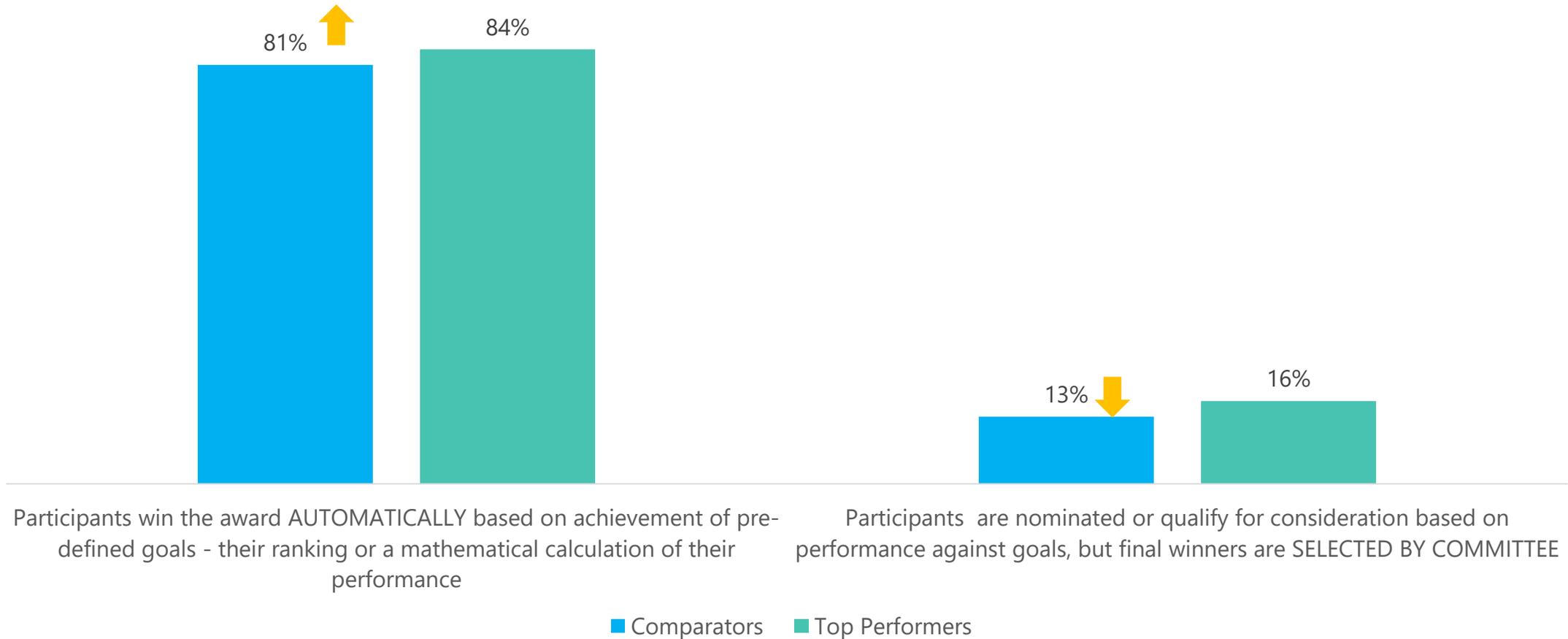
Limits on Number of Top Performer Trip Winners



Objective Qualification: Top Performer Incentive Trip

- The vast majority of tech companies (83%) structure their programs where participants automatically win the award based on achievement of pre-defined goals.
 - While the percentage who automatically qualify winners based on pre-defined goals did not change for Top Performing tech companies, there is a shift for Comparators toward using pre-defined goals as the sole criteria for qualifying.
 - Last year, 67% of Comparators automatically qualified winners based on goal achievement rather than adding the additional step of a selection committee process. This year, the percentage of automatic qualifiers rose to 81%.

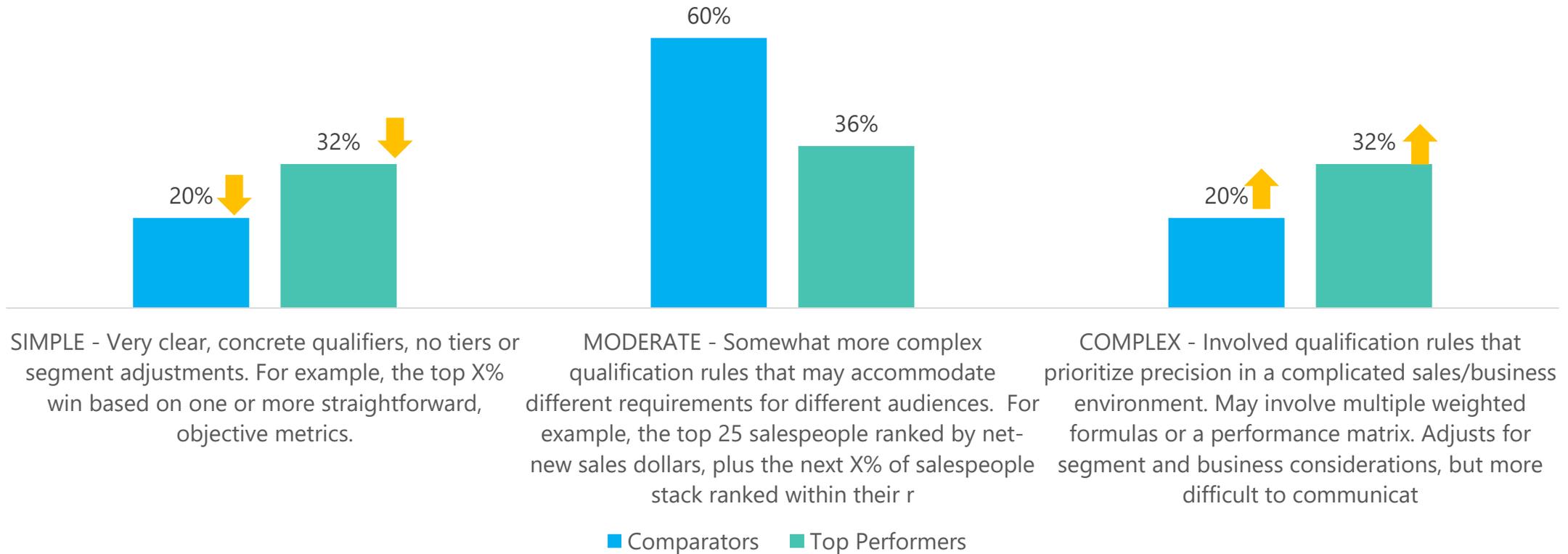
Objective Qualification: Top Performer Incentive Trip



Qualification Complexity: Top Performer Incentive Trip

- Qualification complexity for channel partner incentive trip awards is almost evenly divided for Top Performing companies with approximately one-third describing their qualification process as 'simple', 'moderate', or 'complex'.
 - The process may have gotten a bit more complex for some Top Performing companies as only 7% described the process as 'complex' a year ago, compared to 32% this year.
- The qualification process for Comparator companies is, more often than not, considered 'moderate', with 60% describing their qualification process this way.

Qualification Complexity: Top Performer Incentive Trip



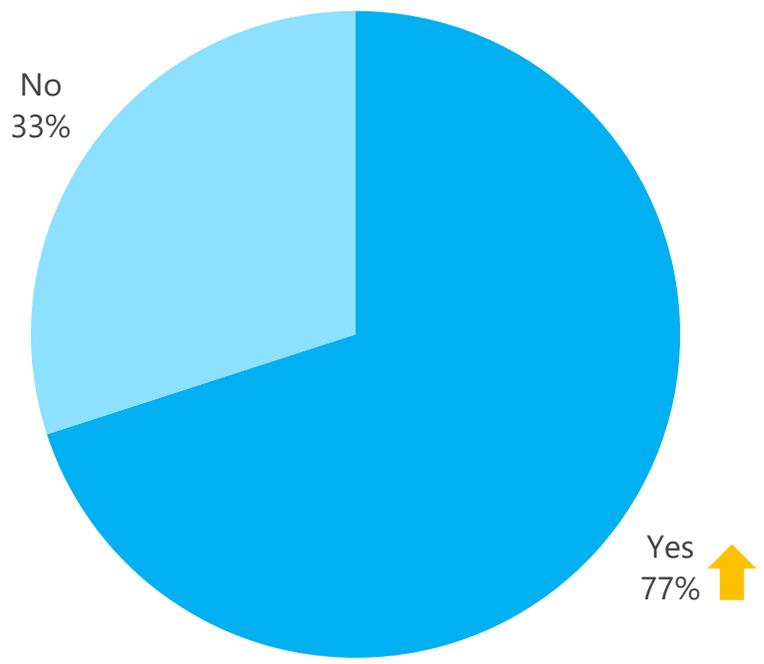
Which of the following best describes your qualification criteria for the Top Performer incentive trip?

Sales Targets for Channel Participants

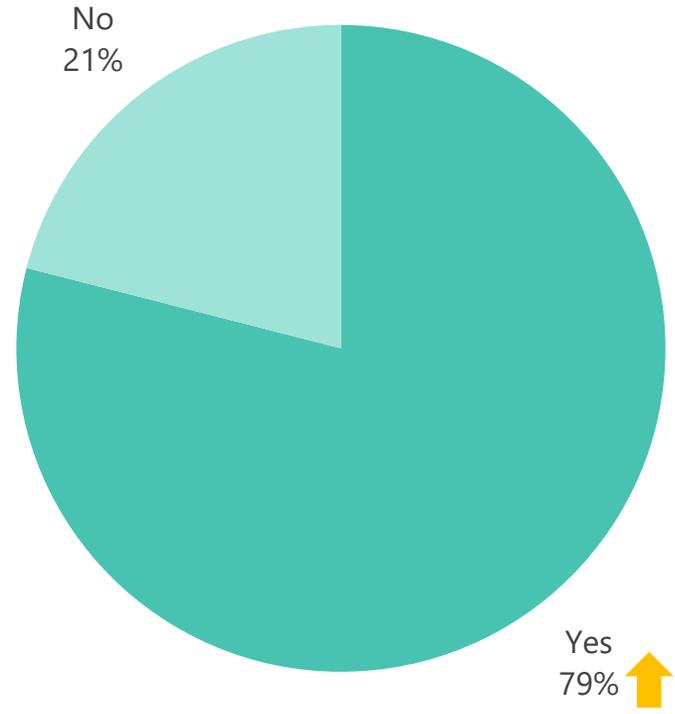
- There has been a substantial increase in the percentages of channel participants who have defined sales targets as part of non-cash incentive programs. This is true among both Top Performing companies and Comparator tech companies.
 - The percentage of Top Performing companies with defined sales targets for channel partners increased from 56% to 79%, while Comparators while defined sales targets for channel partners increased from 57% to 77%.

Sales Targets for Channel Participants

Comparator Firms



Top Performing Firms



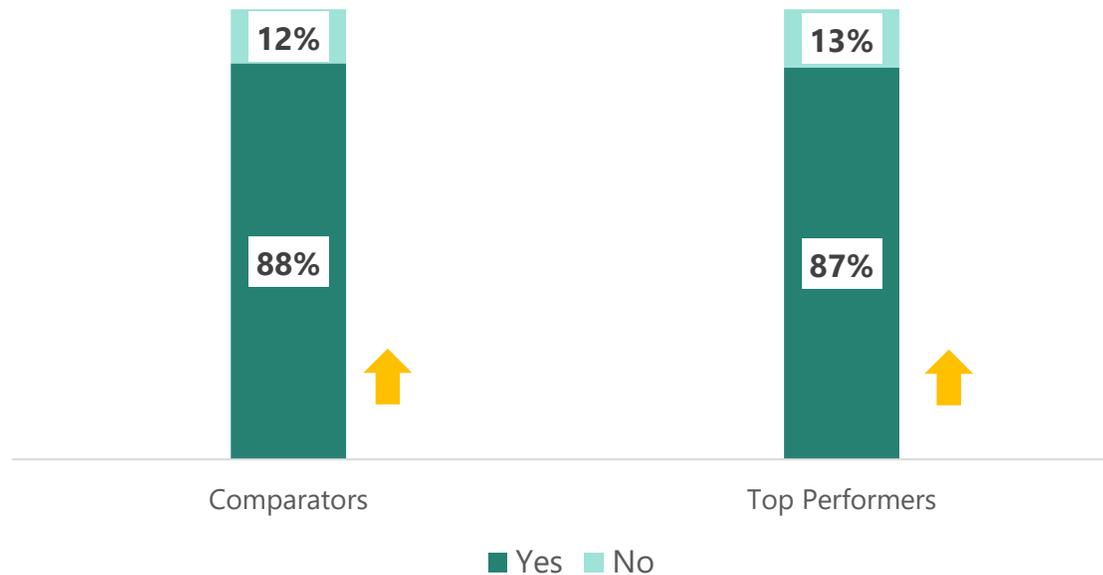
Do your channel participants have defined sales targets as part of your non-cash incentive program?

Reward Achievability: Top Performer Channel Incentives

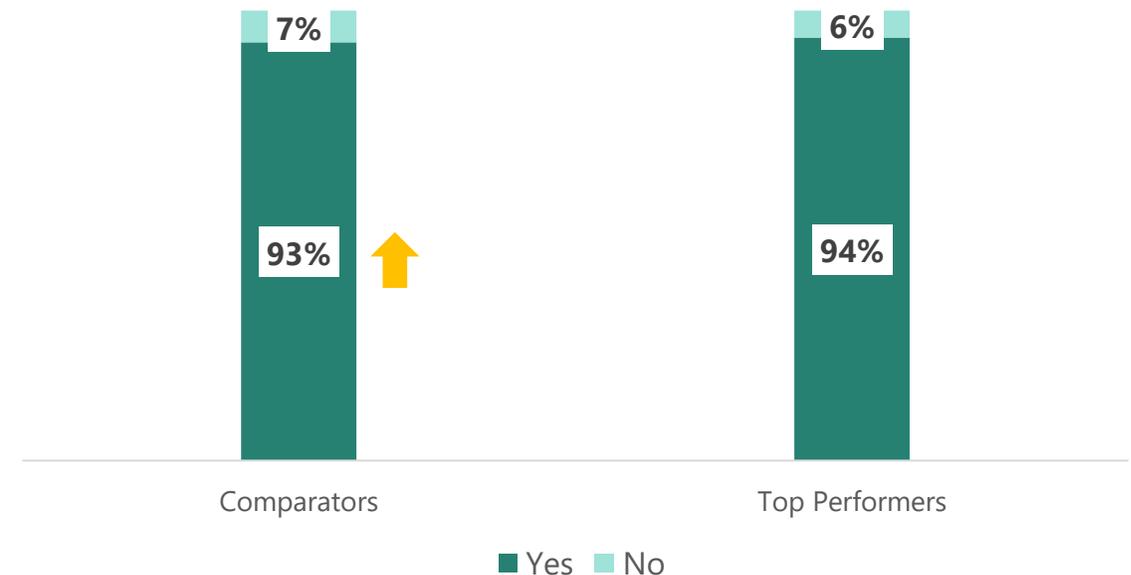
- Nearly nine-out-of-ten of both Top Performers and Comparators, had both special rules for new channel partners and a tiered structure for allowing channel participants who don't qualify for the trip to earn other awards.
 - There is no difference between Top Performers and Comparators on either of these areas of reward achievability.

Reward Achievability: Top Performer Channel Incentives

Special Rules for New Channel Participants Top Performer Award



Tiered Structure for Maximizing Reach Beyond Top Performer Award

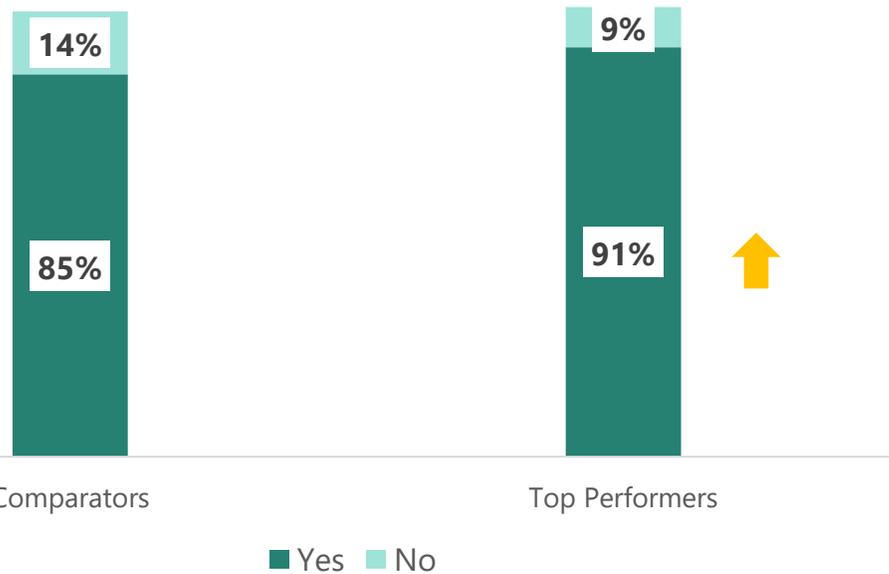


- Do you have special rules for new channel participants that allow them a better chance to earn a place on the trip?
- Is your Top Performer award program tiered - allowing channel participants who don't qualify for the trip to earn other rewards, such as award points, gift cards, or merchandise?

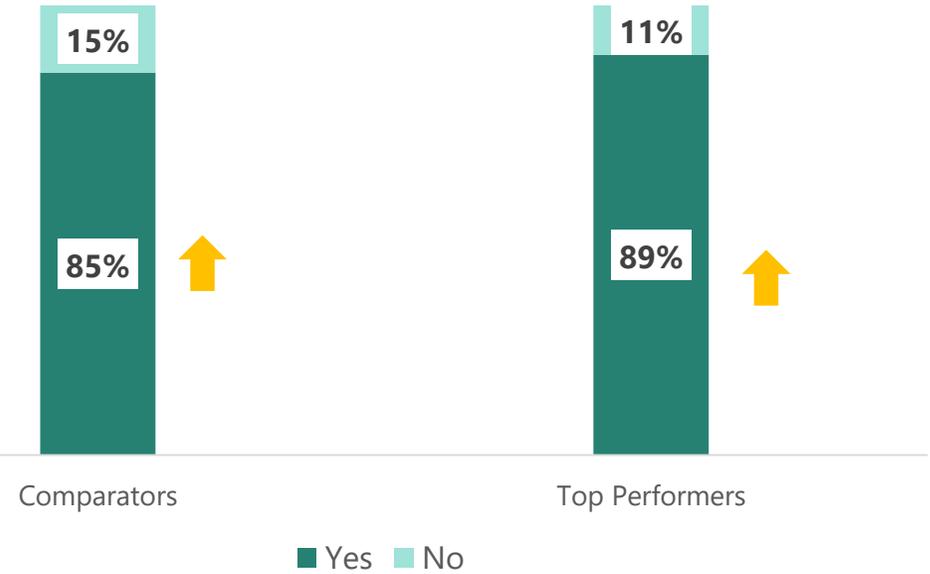
- Both Top Performing companies and Comparators largely offer a 'fast start' opportunity that allows newer channel participants to earn quickly, giving 'early wins' to boost their motivation.
 - While the percentages for Comparators that offer this option rose slightly from last year (78% to 85%), the percentage of Top Performers jumped significantly from 71% to 91%.
- There was a large jump in the percentage of both Top Performers and Comparators that don't have an earning limit on non-travel awards.
 - Top Performers rose from 56% to 89%, while Comparators rose from 71% to 85%.

Reward Approach: Non-Travel Rewards

Special Rules for New Channel Participants Non-Travel Rewards



Any Programs without Earning Limits?



- Regarding award points, gift cards, and merchandise rewards, does your non-cash channel incentive program have a "Fast Start" that allows newer channel participants to earn quickly, giving them early "wins" to boost their motivation?
- Do you operate any non-cash channel incentive programs that do not have a "top-stop" - meaning channel participants can earn unlimited awards based on the amount of product/service they sell?

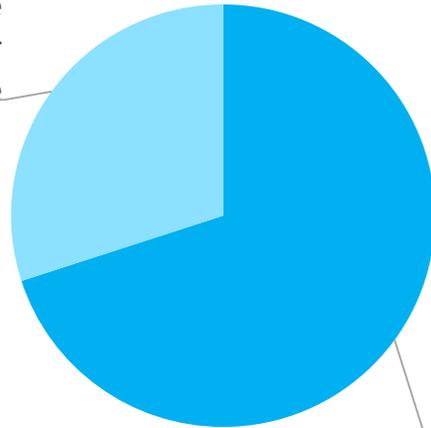
Budgeting Approach Non-cash Channel Incentives

- Most tech firms tie their non-cash incentive programs to overall sales, where a percentage of each product goes to fund the program.
 - Similar to last year, two-thirds (66%) of Top Performers fund their programs this way, while Comparators recently 'caught up' with the percentage tying programs to overall sales rising from 54% last year to 70%.

Budgeting Approach Non-cash Channel Incentives

Comparator Firms

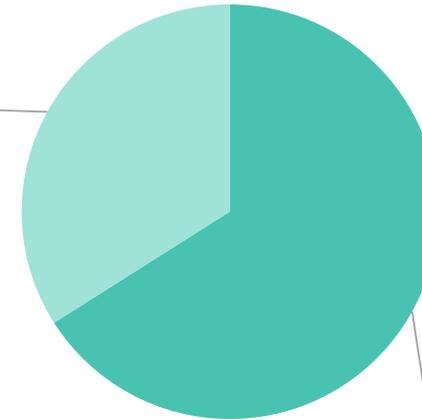
Tied to net income
from previous year
(a % of net income
goes to fund
program)
30%



Tied to overall
sales (a % of each
product sold goes
to fund program)
70% 

Top Performing Firms

Tied to net
income from
previous year (a
% of net income
goes to fund
program)
34%

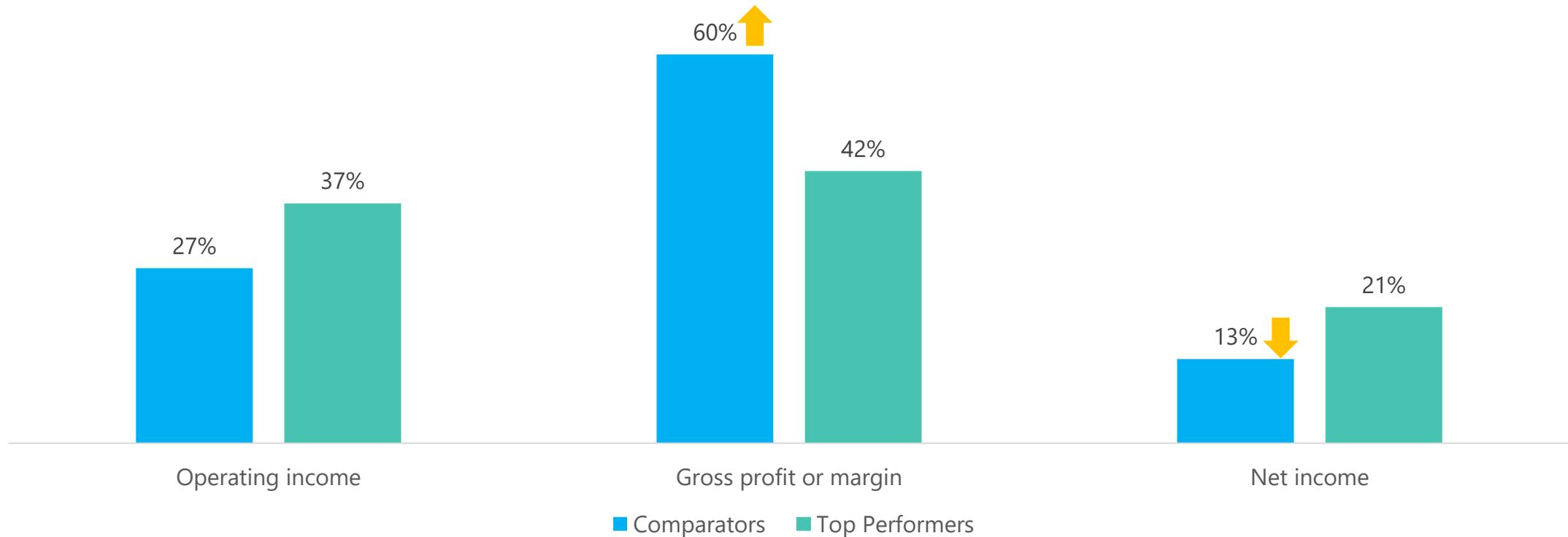


Tied to overall sales
(a % of each product
sold goes to fund
program)
66%

- The biggest differentiator between Top Performing companies and Comparators is that operating income and net income influence non-cash incentives much more for Top Performers, while gross profit is a more significant influencer for Comparators.
 - Comparators influenced by gross margin increased from 50% to 60% from the previous wave, while only 42% of Top Performers were influenced by gross margin or profit with regard to non-cash incentive programs.

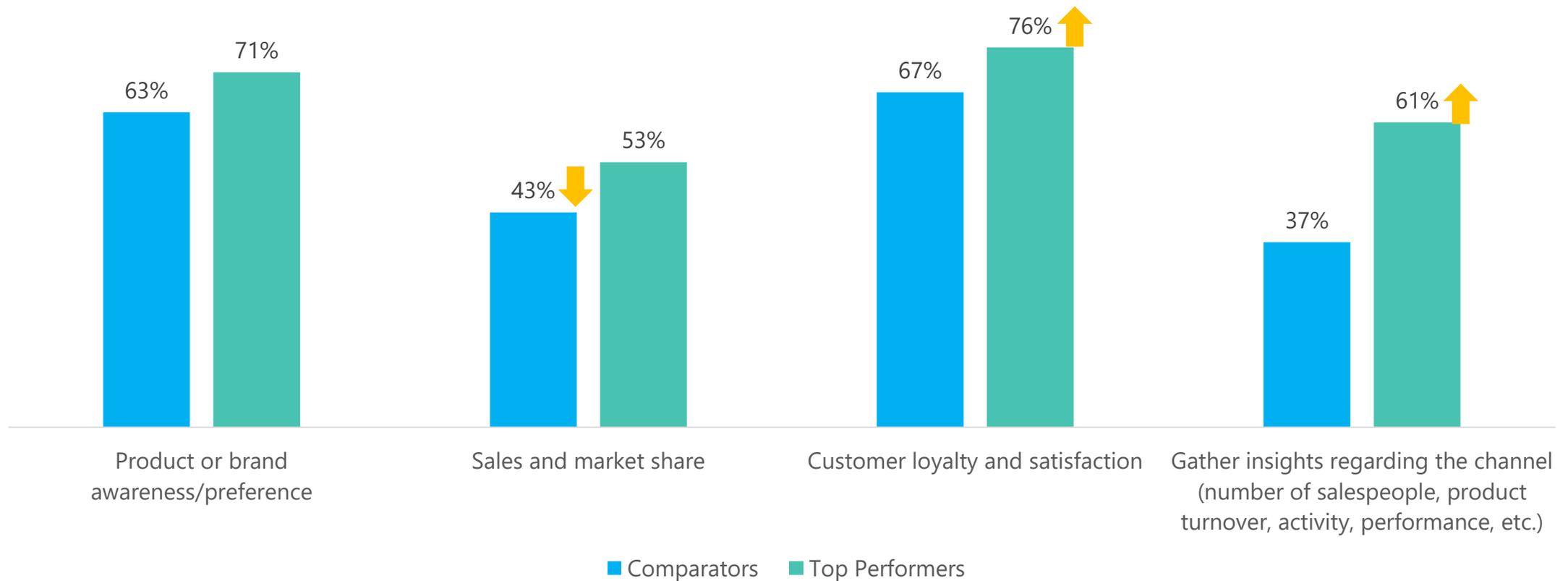
Budget Influencers

Non-cash Channel Incentives



- The most prevalent business objectives for both Top Performing companies and Comparators for their channel incentive programs is customer loyalty and satisfaction, as well as product or brand awareness/preference.
 - Since the last wave, Top Performers are placing much more emphasis on gathering insights regarding the channel, going up from 28% to 61%.
 - This is a distinctive focus for Top Performers vs. others relative to business objectives of channel reward and recognition programs.

Business Objectives Channel Reward & Recognition



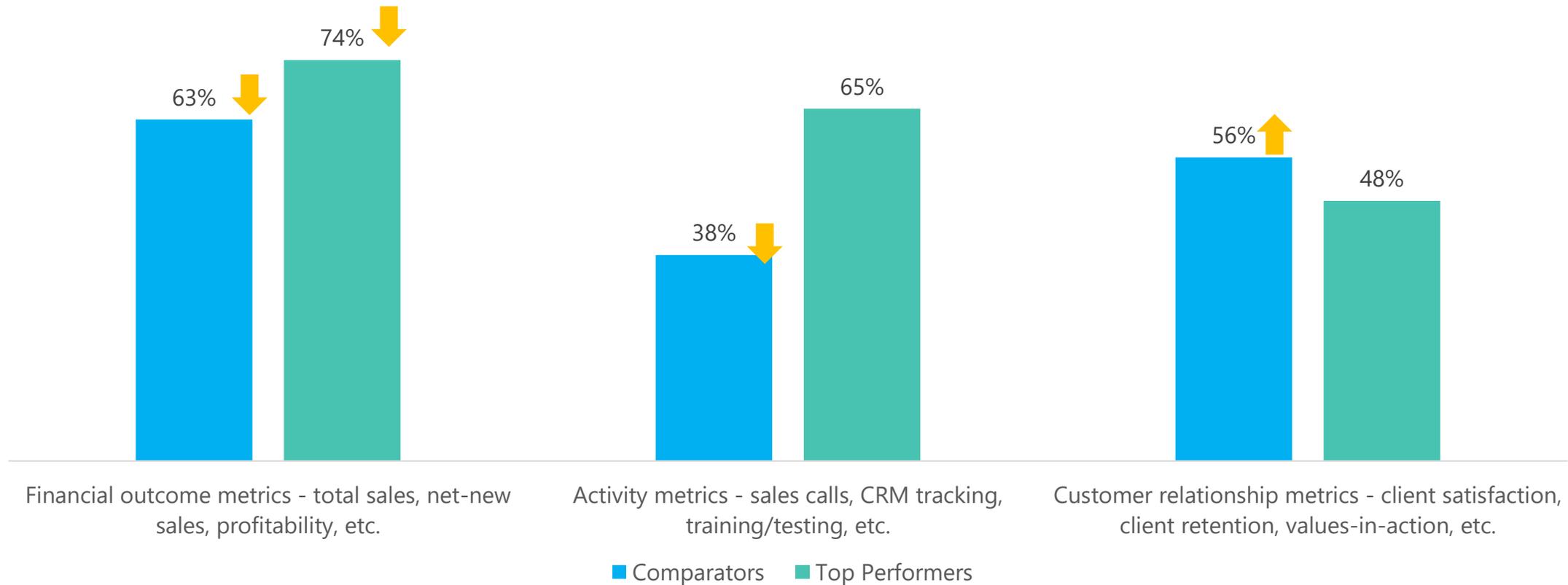
Qualifying Metrics

Top Performer Channel Incentive Trip

- There are some observed shifts in the percentages who use the various qualifying metrics for Top Performer Incentive trips.
 - The percentage of both Top Performers and Comparators who rely on financial outcome metrics as a qualifying metric declined in the past year.
 - Top Performers down from 93% to 74%; Comparators down 78% to 63%.
- The percentage of Comparators who rely on activity metrics has declined from 56% down to 38%.
 - The percentage of Top Performers who rely on activity metrics has increased slightly from 57% to 65%, but the difference between Top Performers and Comparators relative to reliance on this metric is much more distinguishable.
- Comparators are also placing more emphasis on customer relationship metrics whereas about half of Top Performers (48%) focus on CRM as a qualifying criteria, similar to last year.

Qualifying Metrics

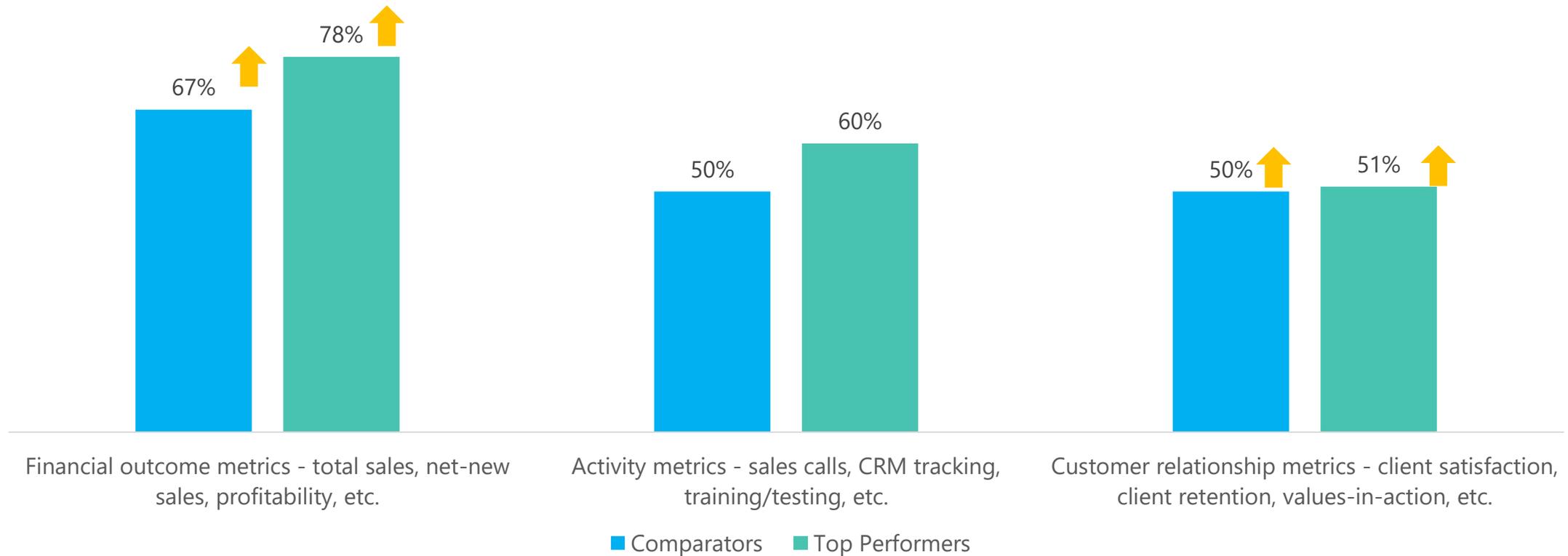
Top Performer Channel Incentive Trip



Qualifying Metrics Top Performer Channel Rewards

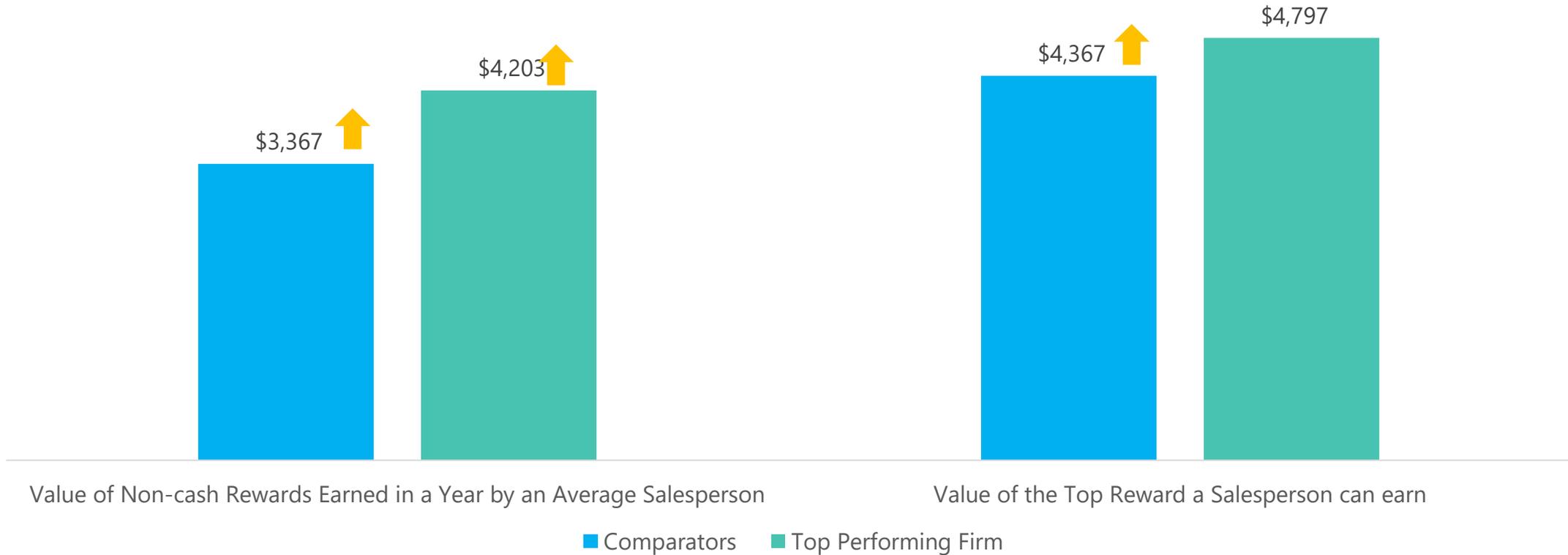
- While the data suggest that tech companies may be placing less emphasis on financial outcomes to determine award trip qualifiers, financial metrics are increasing in importance for channel partners to achieve other rewards.
 - The percentage of Top Performers using financial metrics to determine channel rewards increased from 68% to 78%
 - The percentage of Comparators using financial metrics also increased from 50% to 67%.
- The data also suggest tech companies, as a whole, are placing more emphasis on customer relationship metrics as qualifying criteria for non-cash rewards other than trips.

Qualifying Metrics Top Performer Channel Rewards

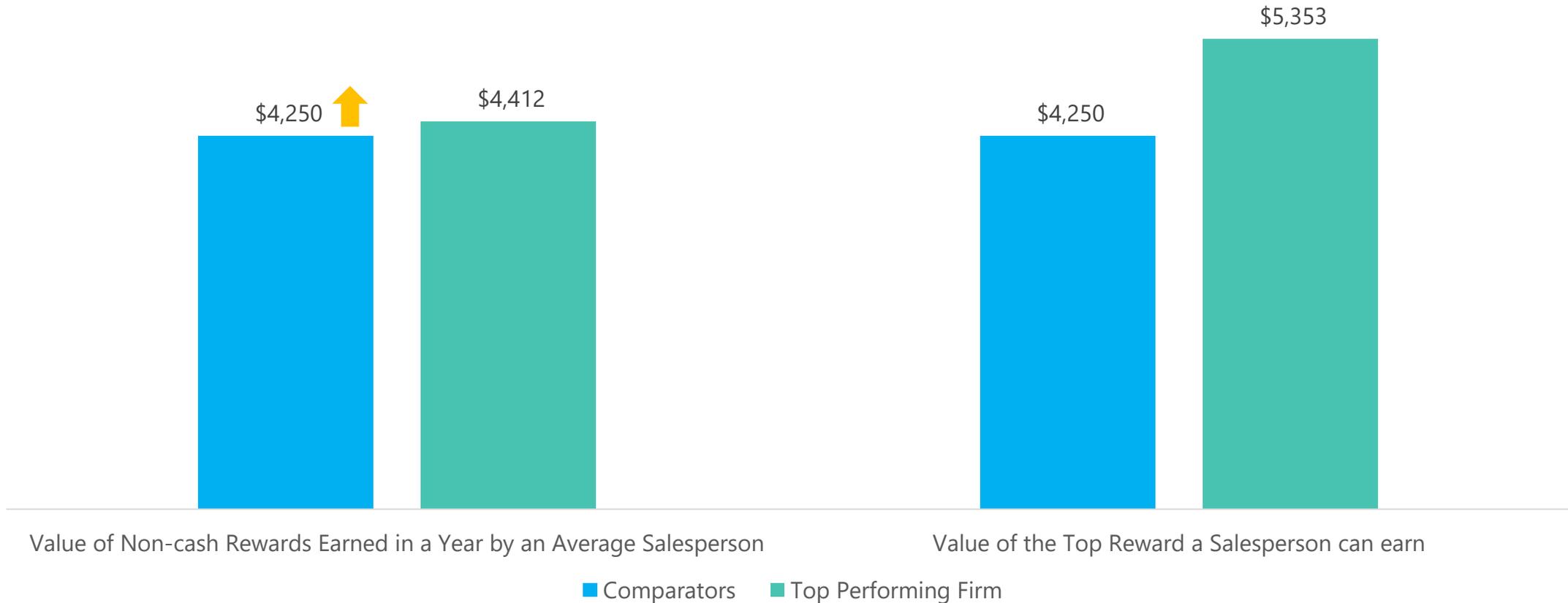


- While Top Performers generally still spend more on non-cash rewards, Comparators are closing the gap between the amount spent on award points, gift cards, and merchandise, as well as incentive trips by increasing their budgets by as much as 25% or more from the previous wave.

Average & Top Dollar Values Award Points, Gift Cards, & Merchandise



Average & Top Dollar Values Incentive Trips

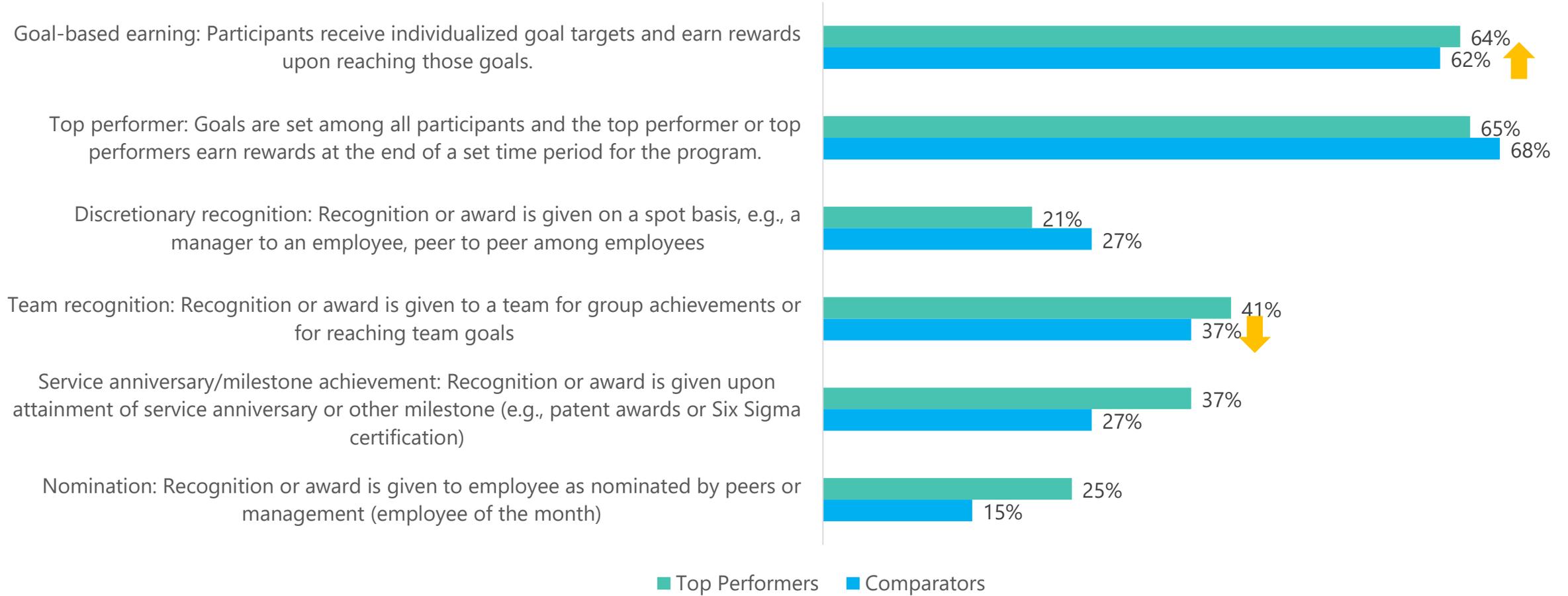


EMPLOYEE PROGRAMS

Program Structures Employee Reward & Recognition

- In other sectors, Top Performers structure rewards programs to provide greater opportunities to earn recognition. In the tech sector, however, there are few meaningful differences between Top Performers and Comparators.
 - The only real gaps between Top Performers and Comparators are in the following areas:
 - Service anniversary/milestone achievement awards—Top Performers 37%; Comparators 27%
 - Rewards by nomination—Top Performers 25%; Comparators 15%

Program Structures Employee Reward & Recognition

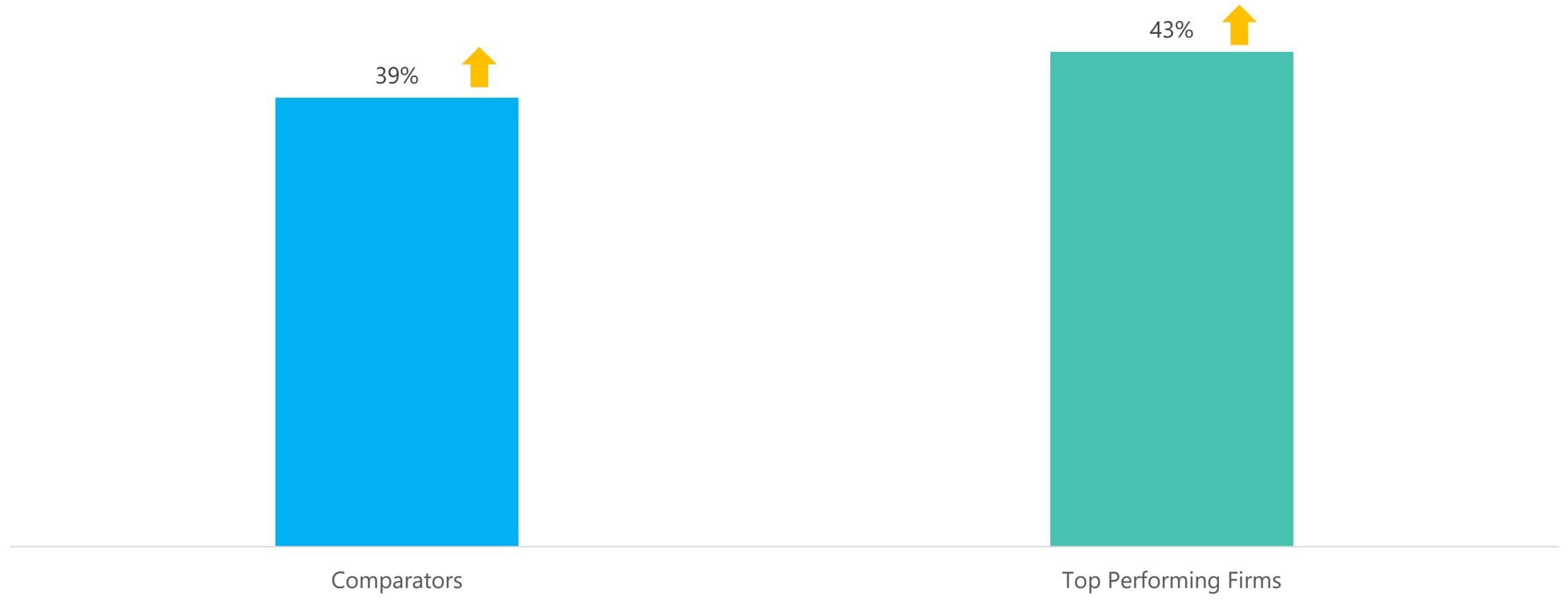


Below is a list of reward and recognition program structures organizations might use for employees. Please select the program structures your company utilizes.

Percent of Employees Earning Rewards

- Top Performers have a slightly higher percentage of employees expected to earn non-cash rewards compared to others (43% to 39%), the percentages for both Top Performers and Comparators went up from last year.
 - The expected percentage of employees earning rewards from Top Performers went up from 31% to 43%, while the percentage of Comparators went up from 29% to 39%.

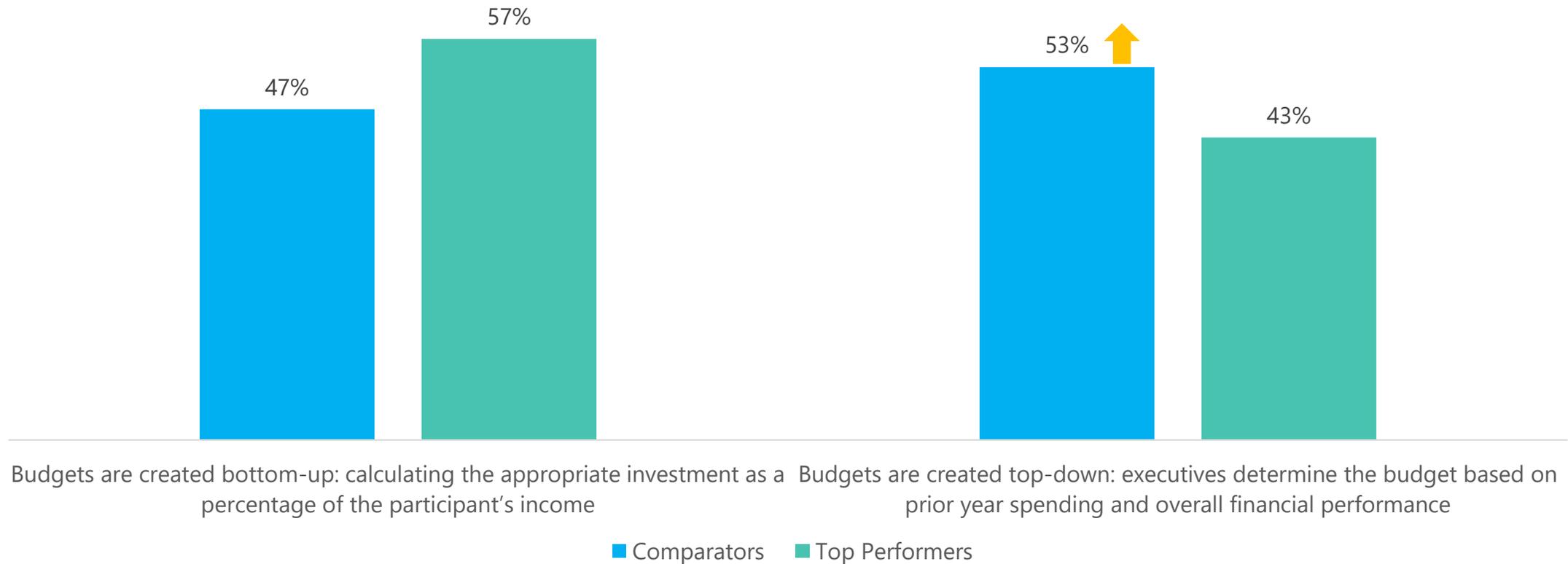
Percent of Employees Earning Rewards



What percent of your employees do you expect to earn non-cash rewards (merchandise, gift card, or trip) during 2018?

- Top Performers and Comparators are almost mirror opposites of one another in their approach to budgeting.
 - The majority of Top Performers (57%) create their budgets from the bottom-up, calculating the appropriate investment as a percentage of the participant's income, while the majority of Comparators (53%) create their budgets from the top-down, based on prior year spending and overall financial performance.

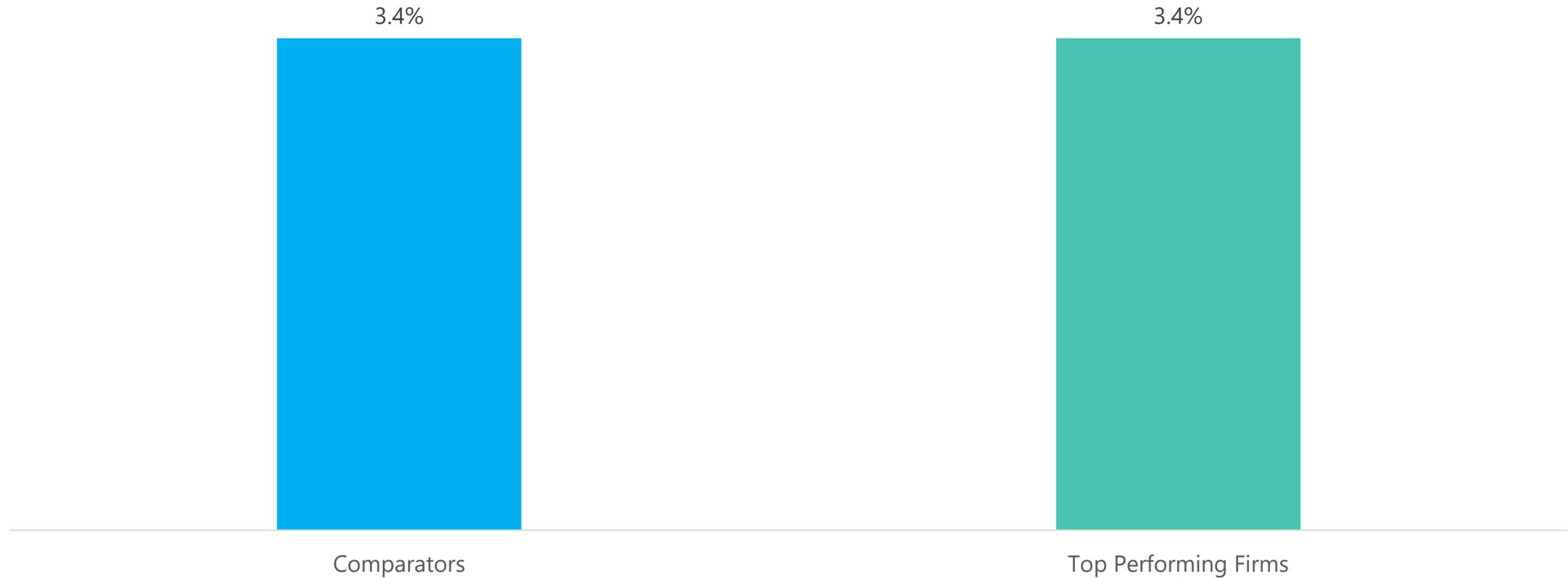
Budget Approach



Bottom-Up Budgeting: Percent of Payroll for Reward & Recognition

- Both Top Performers and Comparators plan to budget 3.4% of their payroll for reward and recognition investments for employees.
 - Reported percentage of payroll planned for employee reward and recognition went up only slightly for Top Performers (3.1% last year) and Comparators (2.8% last year).

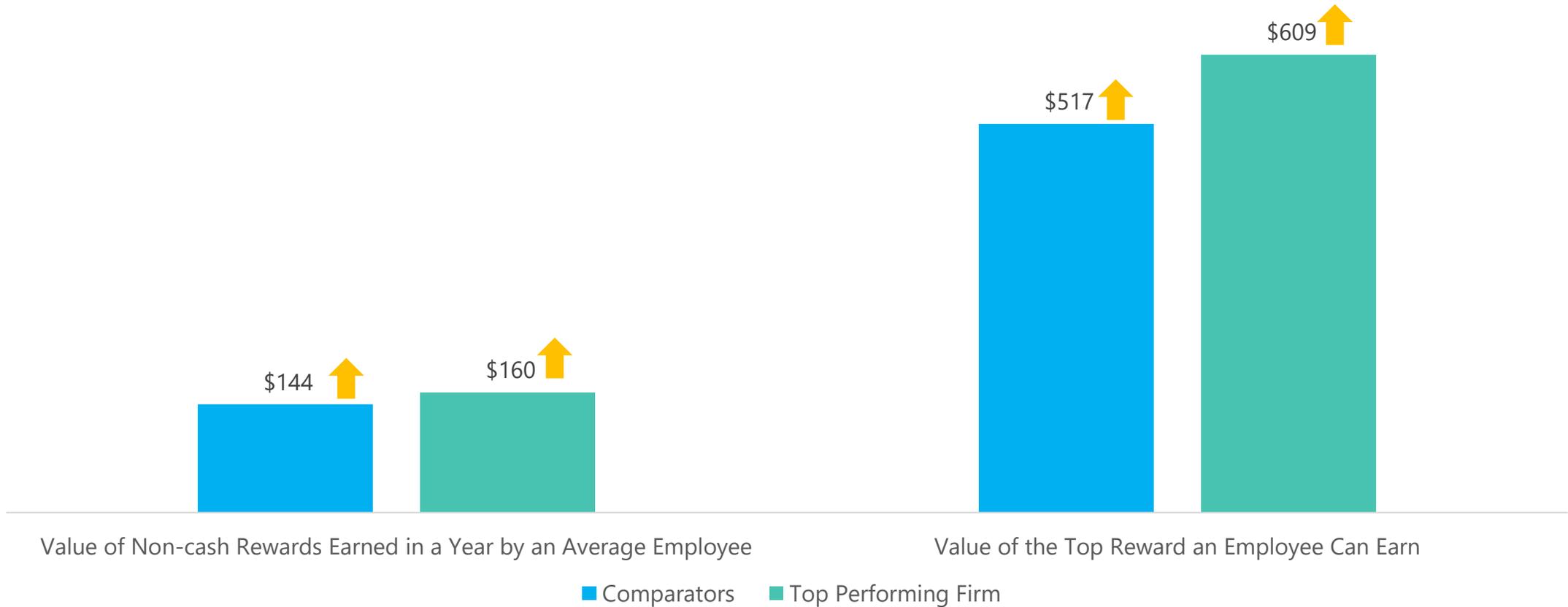
Bottom-Up Budgeting: Percent of Payroll for Reward & Recognition



Average and Top Dollar Spent

- While Top Performers outspend others on both employee non-cash rewards and incentive trips, the amounts spent by both have increased since last year.
 - Average spent by Top Performers on non-cash rewards has risen from \$119 to \$160; Comparator spend has risen from \$107 to \$144
 - Top spent by Top Performers rose from \$451 to \$609; top spent by Comparators has risen from \$401 to \$517.
 - Value of non-cash incentive travel in a year by an average employee of a Top Performing firm rose from \$140 to \$170; average Comparator spend on employee incentive trips rose slightly from \$119 to \$163.
 - Top spend on incentive trips rose from \$547 to \$662 for Top Performers; top spend rose from \$423 to \$616 for Comparators.

Average & Top Dollar Values Award Points, Gift Cards, & Merchandise



Average & Top Dollar Values Award Points, Gift Cards, & Merchandise

