[Company Logo]  
  
**Medtronic SPM Solution Design Document**  
  
**Territory and Quota Management (TQM) & Incentive Compensation Management (ICM) Delivery**  
  
  
March 28, 2025  
  
Your Name  
  
  
**CONFIDENTIAL**

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# **Medtronic SPM Solution Design Document**

## **Territory and Quota Management (TQM) & Incentive Compensation Management (ICM) Delivery**

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## **1. Executive Summary**

This document provides the detailed solution design for implementing an integrated Sales Performance Management (SPM) platform across Medtronic's global operations, encompassing both Territory and Quota Management (TQM) and Incentive Compensation Management (ICM). The solution addresses the current fragmented landscape of territory management and sales compensation systems to create a unified, global approach to sales performance management.

**Strategic Objectives:**  
- Create a single source of truth for territory definitions, quota management, and sales compensation globally  
- Replace ad-hoc territory management and compensation processes with standardized workflows and governance  
- Enable dynamic territory adjustments and compensation plan changes with robust approval processes  
- Support parallel sales team alignment and crediting with accurate commission calculations  
- Drive sales performance through transparent incentives aligned with corporate objectives  
- Ensure data security with role-based access control  
- Provide a scalable platform that supports 23,550+ users across all regions and business units  
- Reduce operational costs through system consolidation and process automation

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## **2. Current State Overview**

Medtronic currently lacks a robust Territory Management System, resulting in several challenges:

* No single source of truth across all businesses for territories and quotas
* Multiple custom Global Sales Reporting (GSR) applications to compensate for limited territory functionality
* Complex data landscape with 25+ integrations across 6 different datasets
* Difficulty standardizing operations, reporting, and analytics
* High platform management costs across multiple systems

### **2.1 Existing GSR Applications and Compensation Systems**

The following applications currently support territory management and sales compensation:

1. Parallel Sales Team Apps:
2. US CV Strategic Sales Team App
3. US CV Co-Sell App
4. OUS Parallel Sales Team App

OUS Parallel Sales Team App

**Territory Alignment Apps:**

Implanter Reassignment App (for US CV and NS Implant Territory Realignment)

**Security Management:**

Exception Security App (for user access to sales and inventory data)

**Adjustment Management:**

Manual Sales Adjustment App

**Compensation Systems:**

### **2.2 Current User Landscape**

Total user count: 23,550, distributed across:  
- COMPASS: 1,200  
- SAP CALLIDUS: 7,500  
- SIP 2.0: 12,650  
- VARICENT: 2,200

User distribution by region:  
- US: ~9,400  
- Europe: ~4,200  
- Japan: ~1,650  
- ANZ: ~700  
- China: ~3,000  
- Other regions: ~4,600

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## **3. Target Solution Architecture**

### **3.1 System Landscape**

The TQM solution will be implemented as a cloud-native application, integrating with the following systems:

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│ │ │ │ │ │  
│ Source Systems │────▶│ SPM Platform │────▶│ Target Systems │  
│ (SAP, DTRAK) │ │ (TQM + ICM) │ │ │  
│ │ │ │ │ │  
└───────────────────┘ └───────────────────┘ └───────────────────┘  
 ▲ │ ▲  
 │ ▼ │  
 │ ┌───────────────────┐ │  
 │ │ │ │  
 └────────────────│ Data Platform │────────────┘  
 │ (Snowflake) │  
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### **3.2 Component Architecture**

The SPM platform consists of the following core components:

1. Territory Structure Management
2. Global, regional, and business unit hierarchies
3. Territory definitions and attributes
4. Customer-to-territory mapping

Customer-to-territory mapping

**Quota Management**

Quota adjustments and tracking

**Parallel Team Management**

Credit assignment rules

**Incentive Compensation Management**

Statement generation

**Data Integration Layer**

Historical data management

**Security and Access Control**

Audit logging and compliance controls

**Analytics and Reporting**

Quota attainment tracking

**User Experience Layer**

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## **4. Detailed Technical Design**

### **4.1 Territory Management**

#### **Core Capabilities**

* Territory definitions with multi-level hierarchies
* Customer-to-territory alignment with rule-based assignment
* Support for both primary and parallel sales teams
* Territory changes with approval workflows
* Time-based territory snapshots and historical tracking

#### **Key Data Entities**

* Territory Definitions
* Territory Hierarchies
* Customer Segmentation
* Customer-Territory Relationships
* Territory Assignments

#### **Workflows**

1. Territory Creation/Modification
2. Territory request initiated
3. Approvals based on hierarchy
4. Effective dating for changes
5. Notification to affected stakeholders

Notification to affected stakeholders

**Customer Assignment**

History tracking of all changes

**Parallel Team Alignment**

### **4.2 Quota Management**

#### **Core Capabilities**

* Top-down quota allocation with protection rules
* Bottom-up quota aggregation and tracking
* Quota adjustments with approval workflows
* Integration with sales planning systems
* Performance tracking against quotas

#### **Key Data Entities**

* Quota Plans
* Quota Allocations
* Quota Adjustments
* Attainment Tracking
* Quota History

#### **Workflows**

1. Quota Setting
2. Annual/quarterly quota planning
3. Top-down allocation to territories
4. Review and approval process
5. Finalization and communication

Finalization and communication

**Quota Adjustment**

Recalculation of dependent quotas

**Performance Tracking**

### **4.3 Incentive Compensation Management**

#### **Core Capabilities**

* Flexible plan design and configuration
* Complex calculation rules and crediting
* Multiple currency support
* Performance-based incentives
* Approval workflows for payouts
* Statement generation and distribution
* Dispute management

#### **Key Data Entities**

* Compensation Plans
* Plan Components
* Calculation Rules
* Credits and Transactions
* Payments and Statements
* Disputes and Resolutions

#### **Workflows**

1. Plan Design and Administration
2. Plan creation with components
3. Eligibility rules definition
4. Crediting configuration
5. Approval and activation process

Approval and activation process

**Calculation Process**

Approval before payment

**Statement Generation and Distribution**

Archival for compliance

**Dispute Resolution**

### **4.4 Integration Architecture**

#### **Inbound Data Flows**

1. SAP/Centerpiece
2. Customer master data
3. Product hierarchy information
4. Base sales structure
5. Transaction data (sales, orders, invoices)

Transaction data (sales, orders, invoices)

**DTRAK**

Implanting physician information

**HR Systems**

Position and job data

**Financial Systems**

#### **Outbound Data Flows**

1. Snowflake
2. Territory and customer alignments
3. Performance metrics
4. Compensation data for analytics

Compensation data for analytics

**Payroll Systems**

Tax information

**Reporting Systems**

Dashboards and KPIs

**Finance Systems**

### **4.5 Security Model**

The security model will replace the current Exception Security App with a robust role-based access control system:

1. User Roles
2. Territory Managers
3. Sales Operations
4. Sales Representatives
5. Regional Managers
6. Compensation Administrators
7. Finance Users
8. HR Personnel
9. System Administrators

System Administrators

**Access Controls**

Approval workflow permissions

**Audit & Compliance**

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## **5. Data Migration Strategy**

### **5.1 Legacy Data Sources**

The implementation will migrate data from the following sources:

1. GSR Applications
2. Parallel Sales Team apps (US CV Strategic, Co-Sell, OUS Parallel)
3. Implanter Reassignment App
4. Manual Sales Adjustment App
5. Exception Security App

Exception Security App

**SAP/Centerpiece**

Customer assignments

**Local Systems**

### **5.2 Migration Approach**

1. Assessment & Mapping
2. Inventory all data sources
3. Develop data mapping specifications
4. Validate completeness of source data

Validate completeness of source data

**Transformation Rules**

Create exception handling processes

**Migration Execution**

Validate data integrity

**Historical Data Management**

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## **6. Implementation Approach**

### **6.1 Phased Implementation**

The implementation will follow a phased approach to minimize business disruption:

**Phase 0: Assessment & Design (Current Phase)**  
- Detailed requirements analysis  
- Solution design and architecture  
- Migration strategy development  
- Implementation planning

**Phase 1: Core Territory Management & Base Compensation**  
- Global territory structure setup  
- Basic customer assignment capabilities  
- Core compensation plan configuration  
- Data migration from legacy systems  
- Initial rollout to pilot group (US Neuroscience)

**Phase 2: Advanced Territory Management & Enhanced Compensation**  
- Parallel team configurations  
- Enhanced approval workflows  
- Complex calculation rules implementation  
- Dispute resolution process  
- Expanded rollout to major regions (US Cardiovascular, Europe)

**Phase 3: Quota Management & Full Compensation Deployment**  
- Quota allocation framework  
- Advanced crediting rules  
- Performance tracking dashboards  
- Advanced analytics and reporting  
- Complete global deployment  
- Retirement of legacy systems

**Phase 4: Optimization & Advanced Analytics**  
- AI-driven territory optimization  
- Predictive performance modeling  
- Advanced compensation analytics  
- Enhanced mobile capabilities

### **6.2 Testing Strategy**

1. Unit Testing
2. Component-level validation
3. Rule engine verification
4. Integration endpoint testing

Integration endpoint testing

**System Integration Testing**

Performance under load

**User Acceptance Testing**

Legacy system comparison

**Parallel Testing**

### **6.3 Deployment Strategy**

1. Technical Deployment
2. Environment setup and configuration
3. Data migration execution
4. Integration enablement
5. Security implementation

Security implementation

**Business Deployment**

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## **7. Organizational Impact and Change Management**

### **7.1 Impacted Stakeholders**

1. Sales Representatives (20,000+)
2. Access to territory information
3. Visibility into customer assignments
4. Performance tracking against quotas

Performance tracking against quotas

**Sales Operations (500+)**

System administration

**Sales Leadership (1,000+)**

Strategic planning capabilities

**IT Support (50+)**

### **7.2 Change Management Approach**

1. Awareness & Education
2. Executive sponsorship messaging
3. Regional change champion network
4. Role-specific communication plans

Role-specific communication plans

**Training & Enablement**

Hands-on system workshops

**Transition Support**

Feedback collection and incorporation

**Metrics & Monitoring**

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## **8. Risk Management**

|  |  |  |  |
| --- | --- | --- | --- |
| **Risk** | **Impact** | **Likelihood** | **Mitigation Strategy** |
| Data quality issues from legacy systems | High | High | Implement data cleansing and validation routines prior to migration. Establish data governance processes. |
| User resistance to new processes | Medium | Medium | Engage stakeholders early. Develop comprehensive training and communication plan. Highlight benefits. |
| Complex approval workflows delay implementation | High | Medium | Start with simplified workflows and evolve. Pilot with key business units first. |
| Integration challenges with compensation systems | High | Medium | Conduct early integration testing. Develop fallback procedures for critical processes. |
| Performance issues with large user base | Medium | Low | Performance test with realistic data volumes. Scale infrastructure appropriately. |
| Regional compliance requirements | Medium | Medium | Engage regional compliance teams early. Design flexible framework to accommodate variations. |

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## **9. Timeline and Milestones**

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| --- | --- | --- |
| **Milestone** | **Target Date** | **Deliverables** |
| Solution Design Approval | April 30, 2025 | Approved solution design document |
| Phase 1 Implementation | July 15, 2025 | Core territory management deployed to pilot regions |
| Phase 2 Implementation | October 1, 2025 | Advanced territory management and initial quota capabilities |
| Phase 3 Implementation | January 15, 2026 | Complete quota management and global rollout |
| Legacy System Retirement | April 15, 2026 | Decommissioning of GSR applications |

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## **10. Operational Considerations**

### **10.1 System Administration**

1. User Management
2. User provisioning processes
3. Role assignment workflows
4. Access request procedures

Access request procedures

**Configuration Management**

Release management

**Data Management**

### **10.2 Support Model**

1. Tier 1 Support
2. User access and basic usage issues
3. Knowledge base and self-help resources
4. Initial issue triage

Initial issue triage

**Tier 2 Support**

Complex workflow problems

**Tier 3 Support**

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## **11. Success Metrics**

|  |  |  |  |
| --- | --- | --- | --- |
| **Metric** | **Current State** | **Target** | **Measurement Approach** |
| Territory change cycle time | 7-10 days | 1-2 days | Track time from request to implementation |
| Quota allocation accuracy | 85% | 99% | Measure discrepancies and adjustments |
| Data integration timeliness | 24 hours | 3 hours | Monitor ETL completion times |
| Compensation calculation accuracy | 95% | 99.9% | Audit compensation results against manual calculations |
| Commission payment timeliness | 15-20 days | 5-7 days | Measure time from period close to payment |
| Dispute resolution time | 14+ days | 3-5 days | Track dispute lifecycle time |
| Calculation processing time | 24-48 hours | 2-4 hours | Measure processing runtime |
| User adoption | N/A | 95% | Track active users vs. eligible users |
| Territory data accuracy | 90% | 99.5% | Audit customer-territory assignments |
| Performance reporting timeliness | 48 hours | Real-time | Measure data refresh to reporting delay |
| System consolidation | 4 systems | 1 platform | Count of active compensation systems |
| Total cost of ownership | Current baseline | 30% reduction | Measure annual operating costs |

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## **12. Appendices**

### **Appendix A: Current State GSR Applications Detail**

#### **Parallel Sales Team Apps**

Currently, Medtronic uses several applications to manage parallel sales teams:  
- US CV Strategic Sales Team App: Enables support for strategic customer accounts in Cardiovascular  
- US CV Co-Sell App: Enables the Co-Sell process for sales teams by providing a foundation to define Co-sell teams and credit both Diagnostic and Coronary Sales Reps  
- OUS Parallel Sales Team App: Contains configuration for automatic generation of sales credit to non-primary sales teams

#### **Implanter Reassignment App**

Used to re-align implanting physicians to territories other than the primary rep assignment driven by SAP. This reduces "moving parts" and enables near-real-time reporting of territory changes.

#### **Exception Security App**

Enables GSR admins to view and maintain user access to GSR Sales and Inventory data, providing security at the sales structure, location/country/entity, and business/customer levels.

#### **Manual Sales Adjustment App**

Standard interface for entering revenue and quantity adjustments post-generation of invoices.

### **Appendix B: User Volume Analysis**

|  |  |
| --- | --- |
| **Region** | **User Count** |
| US | 9,400 |
| Europe | 4,200 |
| Japan | 1,650 |
| ANZ | 700 |
| China | 3,000 |
| EMEA RLM | 1,650 |
| LATAM | 1,400 |
| Canada | 300 |
| Asia RLM | 2,000 |
| China RLM | 350 |

|  |  |
| --- | --- |
| **Operating Unit** | **User Count** |
| Neuroscience | 3,600 |
| Cardiovascular | 2,500 |
| Surgical | 1,100 |
| Diabetes | 1,200 |

### **Appendix C: Glossary of Terms**

|  |  |
| --- | --- |
| **Term** | **Definition** |
| TQM | Territory Quota Management |
| ICM | Incentive Compensation Management |
| SPM | Sales Performance Management |
| GSR | Global Sales Reporting |
| OCM | Organizational Change Management |
| Parallel Team | Secondary sales team that receives credit for sales but may not be the primary team |
| Alignment Rules | Business rules that determine how customers and sales are assigned to territories |
| Crediting | The process of assigning sales transaction values to specific sales representatives |
| Split Credit | When multiple sales representatives receive partial credit for the same transaction |
| Shadow Credit | Credit given to a sales representative for influence on a sale without being the primary rep |
| Compensation Component | Building block of an incentive plan (e.g., quota-based commission, bonus, SPIF) |
| Attainment | Percentage of quota achieved within a specified period |
| Accelerator | Increased commission rate that applies after reaching certain performance thresholds |
| True-up | Adjustment made to compensate for prior period corrections or changes |
| Clawback | Recovery of previously paid compensation due to policy violations or corrections |

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