



2019 Senior Management Compensation Survey

Attached are the results of the 2019 River Cities Capital Funds Senior Management Compensation Survey. Twenty-five private-growth companies from the IT and healthcare sectors participated in this year's survey. Companies provided data on compensation components – cash and stock – for senior management and independent directors, as well as data with respect to D&O insurance and audit expenses. Data was collected from [RCCF](#) and [TripleTree](#) portfolio companies for 2019 compensation and company head count; TTM revenue are noted as close to December 2018 as possible. The survey data is illustrated in the exhibits attached.

Key Findings

CEO

The average base salary of CEOs is \$326k, with a target bonus of \$163k and 4.3% in options (or 25% of all options granted). Average salary increased by 7% over last year; target bonuses saw a 6% increase on average; option percentages on average stayed steady, while percentages of all options granted increased by 5%.

While typically larger companies (measured by revenue and head count) generally pay higher salaries, head count did not correlate strongly with compensation in our dataset and higher revenue companies showed only a slight correlation with higher cash compensation. Likely factors contributing to this dynamic are industry focus and geographic location. In terms of ownership, CEOs of larger companies with higher revenue and head count receive fewer options given the maturity of the company and higher value of the options.

Senior Management

Similarly to the CEO compensation data, this analysis suggests that the total compensation of senior management teams has little correlation with head count and only a slightly higher correlation with revenue. On average, target bonuses and commissions provided 42% more compensation leverage over base salaries. VP Sales and CEOs had the most variable compensation over base with 63% and 41%, respectively, followed closely by VP Business Development and CFOs each at 36%.

D&O Insurance

D&O plans range from \$1M - \$5M in coverage, the most common plans being \$3M and \$5M. Not surprising, the higher the coverage, the higher the premium paid.

Independent Director

According to the analysis, larger companies tend to offer a smaller percentage of option ownership given the higher value of the options. Out of 14 companies with independent directors, eight compensate with options only, one compensates with cash only and five compensate with both cash and options. The average option and cash compensation were 0.81% (options on a fully diluted basis) and \$34k per director per year, respectively.

Audit Fees

Companies with greater TTM revenue pay substantially higher audit fees. Head count has an insignificant effect upon audit fees. Fees range from \$20k to \$60k; the average amount paid for audit fees is \$41k.

For further information about this report, please contact Britney Hamberg (bh@rccf.com).

2019 River Cities Capital Funds Senior Management Compensation Survey – Numeric Summary

Exhibit 1

Title	Annual Salary	Bonus @ 100% of Goal *	Commission @ 100% of Goal *	Total Cash @ 100% of Goal *	Percent of Option Pool**	Option Ownership**	Full Ownership^
CEO	\$326,129 ²⁵ \$240,000 \$550,000	\$162,962 ²⁰ \$60,000 \$348,776	\$104,633 ¹ \$104,633 \$104,633	\$460,684 ²⁵ \$240,000 \$825,000	23.42% ²⁰ 1.88% 51.83%	4.10% ¹⁸ 0.25% 10.76%	10.00% ²³ 0.57% 48.58%
COO/President	\$272,513 ¹⁵ \$175,000 \$350,000	\$93,296 ¹² \$43,750 \$175,000		\$347,150 ¹⁵ \$218,750 \$525,000	14.71% ¹³ 3.11% 36.06%	2.64% ¹¹ 0.64% 5.91%	4.15% ¹¹ 0.64% 9.00%
CFO	\$241,534 ¹⁹ \$141,466 \$466,000	\$93,163 ¹⁷ \$18,000 \$252,350	\$75,705 ¹ \$75,705 \$75,705	\$328,875 ¹⁹ \$175,000 \$675,700	7.17% ¹⁶ 2.03% 22.05%	1.34% ¹⁶ 0.26% 2.78%	1.64% ¹⁵ 0.06% 9.66%
CRO	\$228,929 ⁷ \$200,000 \$252,500	\$97,500 ⁴ \$40,000 \$200,000	\$224,000 ⁵ \$100,000 \$360,000	\$444,643 ⁷ \$345,000 \$560,000	6.37% ⁷ 1.55% 12.81%	0.96% ⁷ 0.32% 1.53%	1.06% ⁷ 0.50% 1.53%
CTO	\$236,887 ¹⁷ \$180,000 \$370,000	\$85,884 ¹⁴ \$18,500 \$220,911	\$44,182 ¹ \$44,182 \$44,182	\$310,214 ¹⁷ \$185,000 \$573,500	5.53% ¹² 1.94% 12.50%	1.04% ¹¹ 0.32% 2.06%	3.73% ¹⁴ 0.23% 17.82%
Controller	\$142,800 ⁹ \$105,000 \$185,887	\$23,507 ⁸ \$15,500 \$30,000		\$163,695 ⁹ \$116,344 \$213,770	1.23% ⁸ 0.26% 3.23%	0.16% ⁷ 0.05% 0.43%	0.12% ⁴ 0.05% 0.28%
VP Development	\$206,852 ¹¹ \$130,000 \$290,000	\$71,573 ¹⁰ \$25,000 \$267,877	\$66,969 ¹ \$66,969 \$66,969	\$278,007 ¹¹ \$150,000 \$602,723	3.57% ⁹ 0.53% 9.71%	0.55% ⁹ 0.10% 1.52%	1.40% ⁸ 0.10% 7.97%
VP Bus Dev	\$185,660 ⁵ \$111,300 \$295,000	\$35,083 ³ \$20,250 \$55,000	\$113,150 ² \$111,300 \$115,000	\$251,970 ⁵ \$155,250 \$350,000	4.34% ⁵ 2.54% 6.25%	0.63% ⁴ 0.29% 1.00%	0.86% ⁴ 0.28% 1.59%
Chief Customer Success Officer	\$230,571 ⁷ \$150,000 \$466,000	\$102,050 ⁴ \$44,000 \$256,300	\$125,000 ² \$100,000 \$150,000	\$343,033 ⁶ \$175,000 \$722,300	2.06% ⁶ 1.47% 2.87%	0.35% ⁵ 0.19% 0.50%	2.24% ⁵ 0.29% 9.66%
VP Marketing	\$202,091 ¹¹ \$150,000 \$275,000	\$50,250 ¹¹ \$17,000 \$117,500		\$252,341 ¹¹ \$187,000 \$352,500	2.61% ¹⁰ 0.30% 6.25%	0.43% ¹¹ 0.03% 1.50%	0.52% ⁹ 0.03% 1.50%
VP Sales	\$216,577 ¹⁴ \$140,000 \$283,000	\$87,057 ⁷ \$25,000 \$225,000	\$131,500 ¹⁰ \$80,000 \$235,000	\$354,034 ¹⁴ \$240,000 \$450,000	3.03% ¹³ 0.53% 5.75%	0.56% ¹³ 0.11% 1.10%	1.19% ¹² 0.11% 7.62%
Totals	\$2,490,543	\$902,326	\$885,139	\$3,534,646	74%	13%	27%
25 Companies Participating							
41.9% Leverage Over Base @ 100% of Goal							
Independent Directors	\$34,143 ¹³ \$6,000 \$98,000	NA ^{NA} NA NA	NA ^{NA} NA NA	\$34,143 ⁶ \$6,000 \$98,000	NA ^{NA} NA NA	NA ^{NA} NA NA	0.81% ¹³ 0.36% 1.81%

* Note: Bonus and Commission averages were computed only across those companies identifying bonus or commission, and therefore reflect the averages only in cases where they were awarded. Therefore, in most cases, average Annual Salary, Bonus and Commission will not sum to average Total Cash Compensation.

** Note: Percent of Option Pool measures the portion of the option pool allocated to the title. The corresponding total provides a measure of the concentration of the option pool within the senior management. Option Ownership is on a fully diluted basis. Senior managers that do not receive options are not included in this data; the number of senior managers is reported in the number of observations.

^ Full Ownership is Option Ownership plus Stock Ownership outside of the option pool.

KEY:

No. of Observations
 Title/Position Average Val
 Min Val Max Val

Exhibit 2a

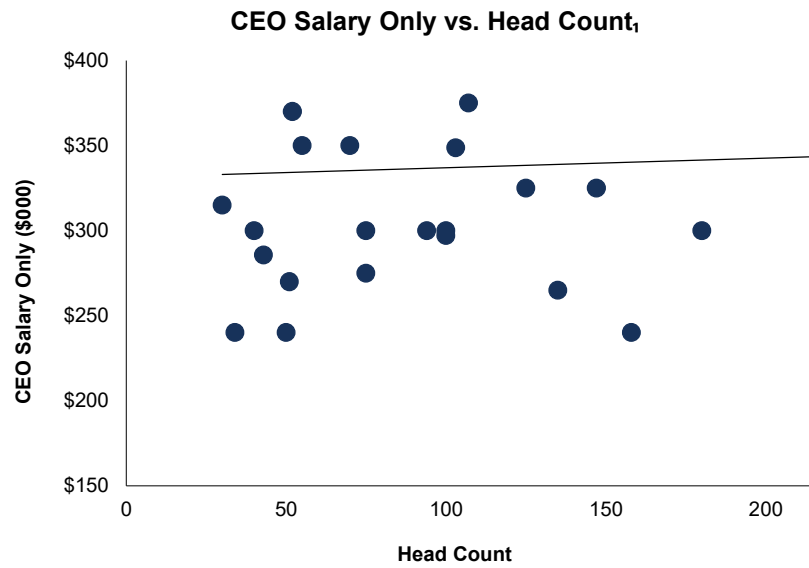


Exhibit 3a

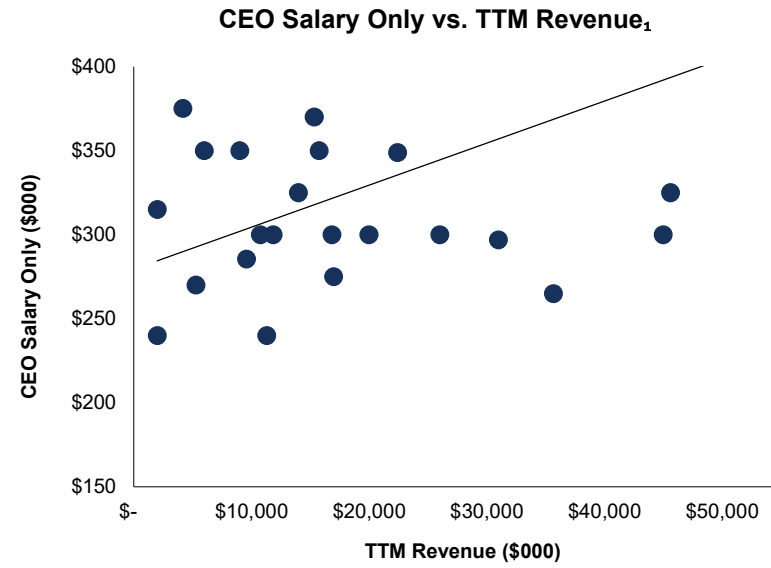


Exhibit 2b

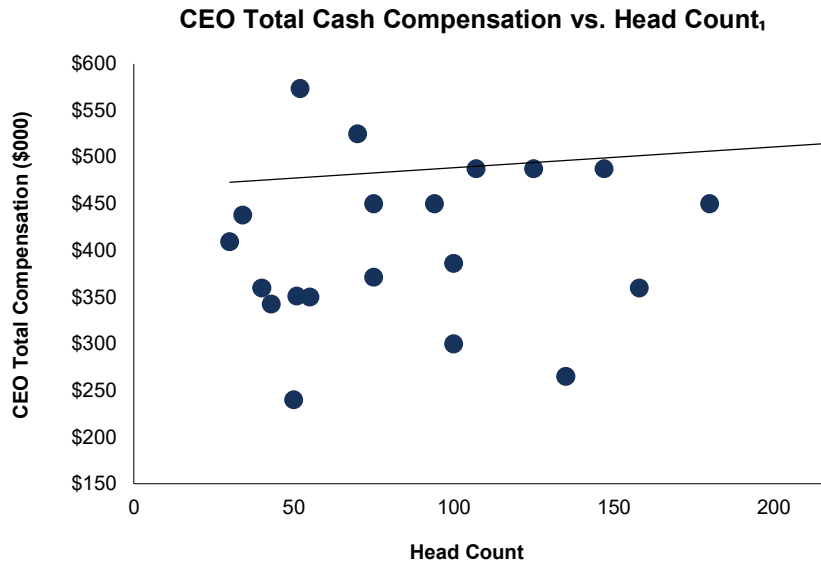
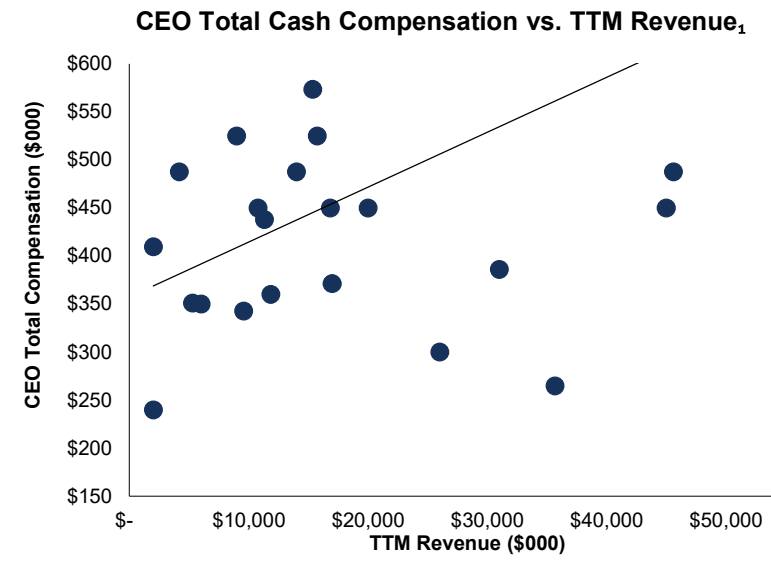


Exhibit 3b



¹Companies with TTM revenue in excess of \$60M and head count greater than 500 have been excluded.

Exhibit 4a

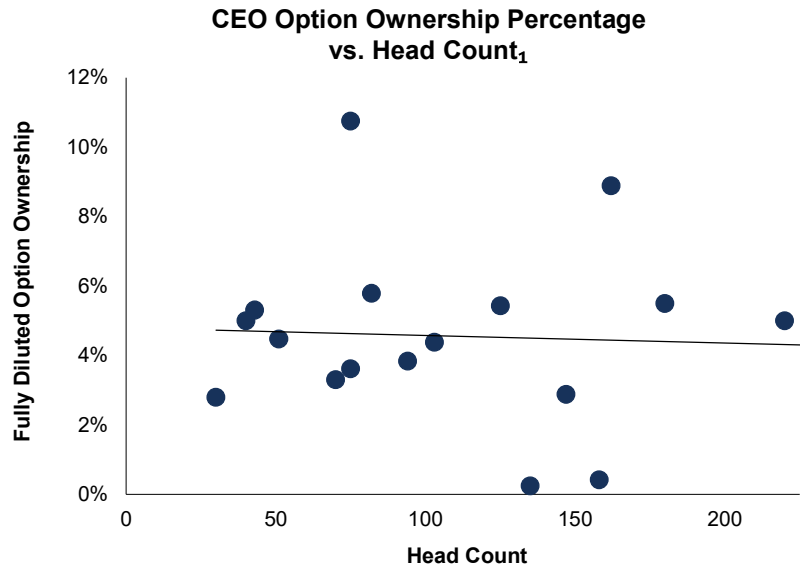


Exhibit 5a

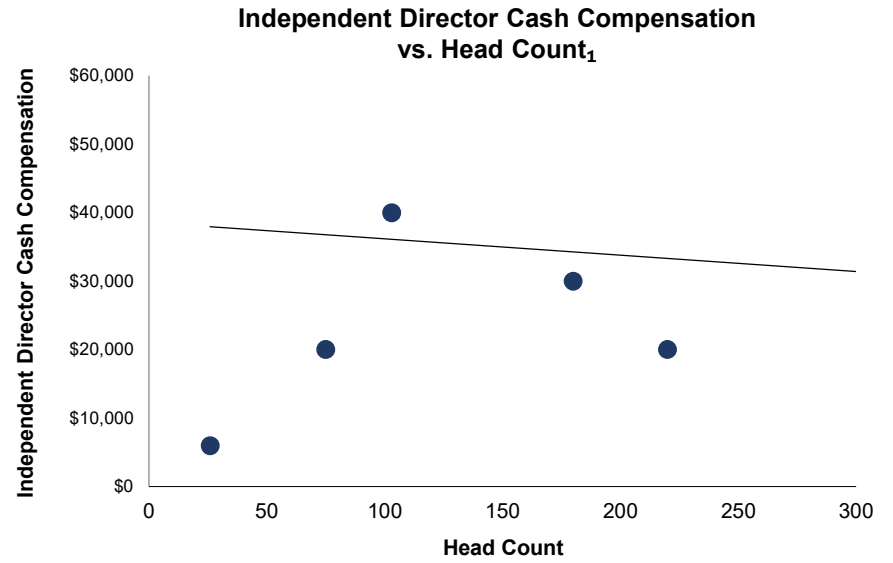


Exhibit 4b

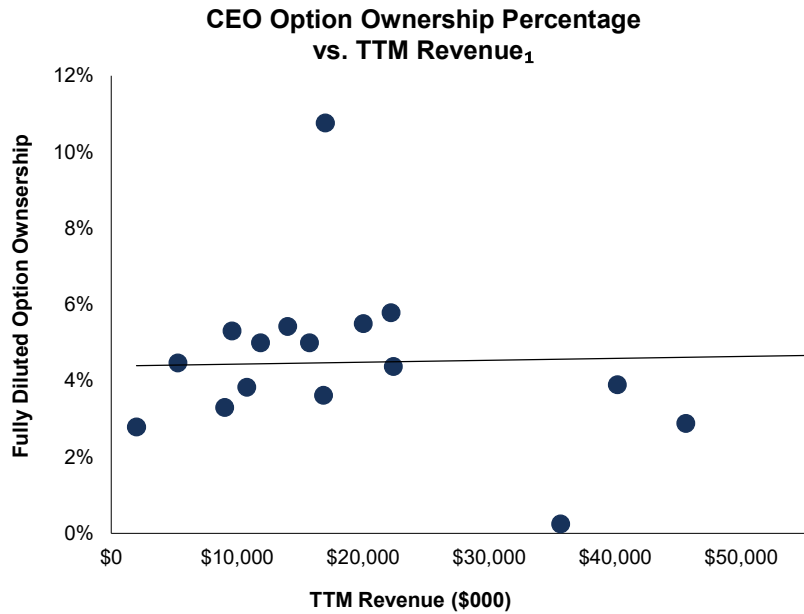
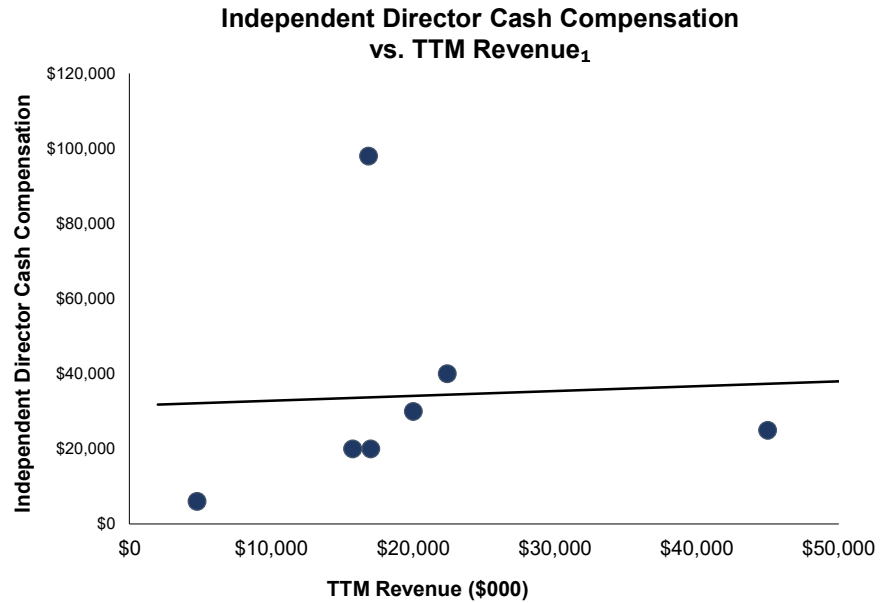


Exhibit 5b



¹Companies with TTM revenue in excess of \$60M and head count greater than 500 have been excluded.

Exhibit 8a

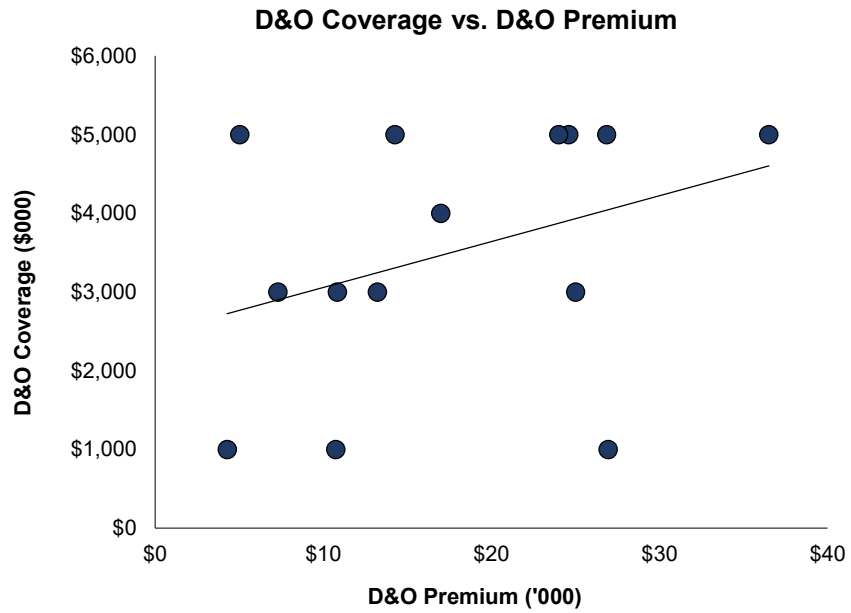


Exhibit 8c

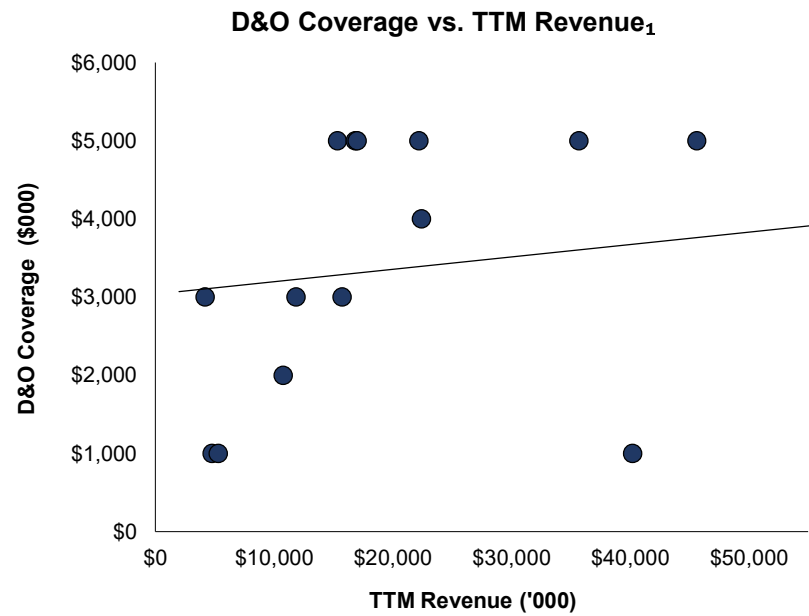


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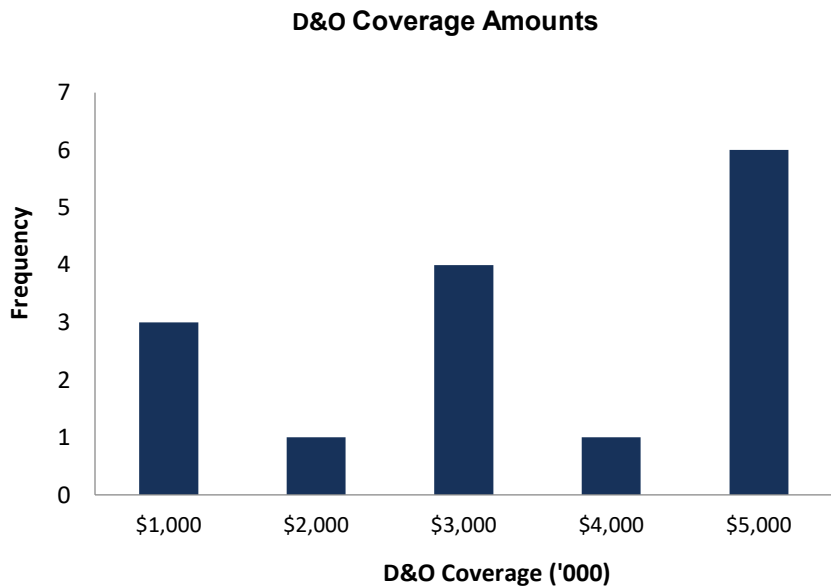
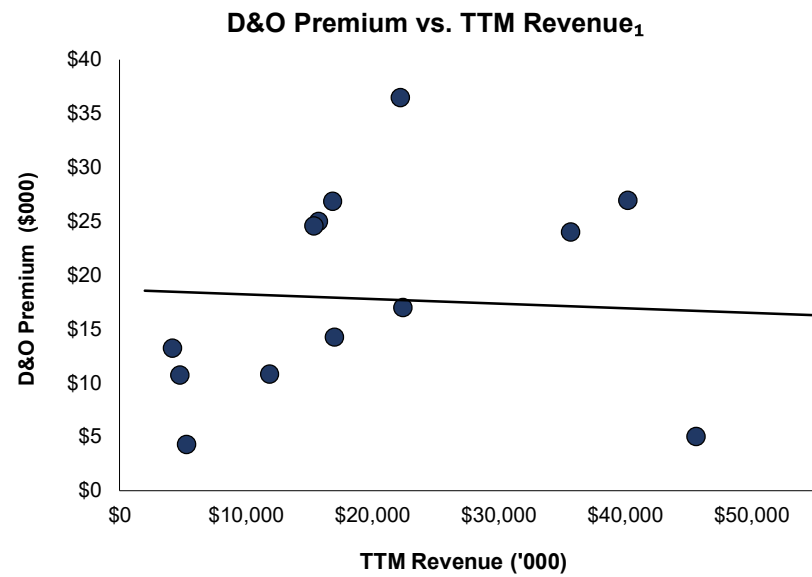


Exhibit 8d



¹Companies with TTM revenue in excess of \$60M and head count greater than 500 have been excluded.