



RIVER CITIES
CAPITAL

2020 Senior Management Compensation Survey

Attached are the results of the 2020 River Cities Capital Senior Management Compensation Survey. Twenty-four 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 [RCC](#) and [TripleTree](#) portfolio companies for 2020 compensation and company head count; TTM revenue are noted as close to December 2019 as possible. The survey data is illustrated in the exhibits attached.

Key Findings

CEO

The average base salary of CEOs is \$315k, with a target bonus of \$156k and 4.1% in options (or 23.7% of all options granted). Average salary decreased by 3.4% over last year; target bonuses saw a 4.4% decrease on average; option percentages and percentages of all options granted on average stayed steady. This is the first year in six years of publishing this compensation survey that salaries decreased year-over-year. In 2019, for instance, CEO salaries saw an average 7% increase. Many companies have reported senior management compensation decreases because of negative impacts from COVID-19. Impacts to senior management compensation were short-term in many cases but as reflected in our data, CEOs on average will face a negative hit to compensation for 2020.

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

Similar to the CEO compensation data, this analysis suggests that the total compensation of senior management teams has little correlation with head count. On average, target bonuses and commissions provided 37.2% more compensation leverage over base salaries. VP Sales and CROs had the most variable compensation over base with 69% and 49%, respectively, followed closely by Chief Customer Success Officers, VP Business Development and CEOs with 47%, 43% and 41%, respectively.

D&O Insurance

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

Independent Director

According to the analysis, larger companies tend to offer a slightly smaller percentage of option ownership given the higher value of the options. Out of 13 companies with independent directors, five compensate with options only, one compensates with cash only and seven compensate with both cash and options. The average option and cash compensation were 0.80% (options on a fully diluted basis) and \$30k per director per year, respectively.

Audit Fees

Companies with greater head count pay substantially higher audit fees. TTM revenue has a minimal effect upon audit fees. Fees range from \$20k to \$80k; the average amount paid for audit fees is \$46k.

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

Exhibit 2a

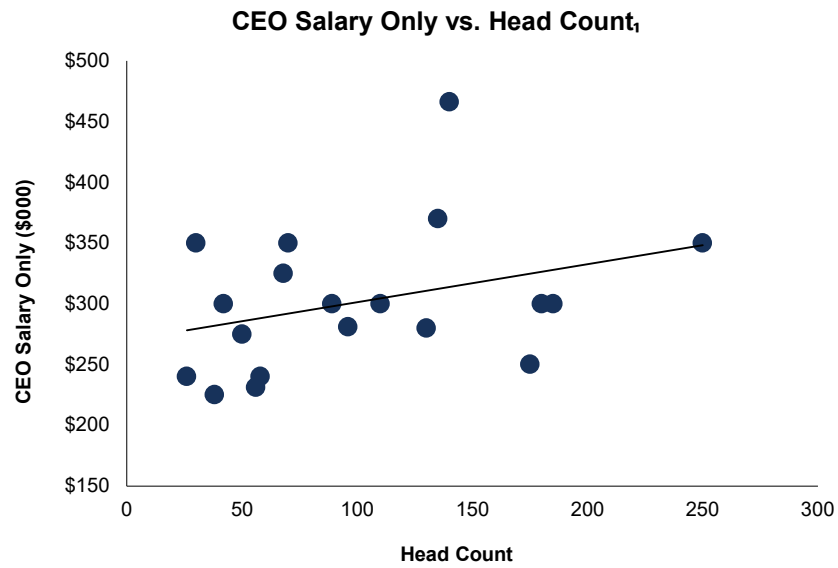


Exhibit 3a

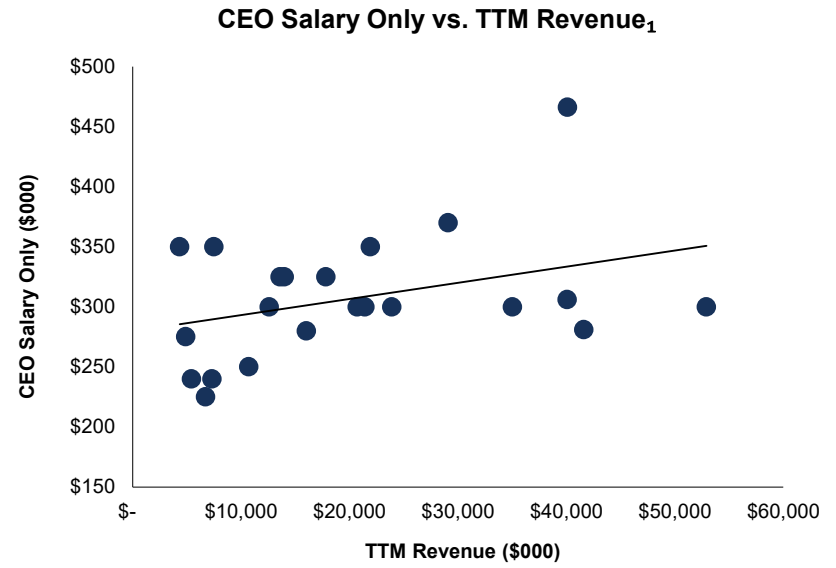


Exhibit 2b

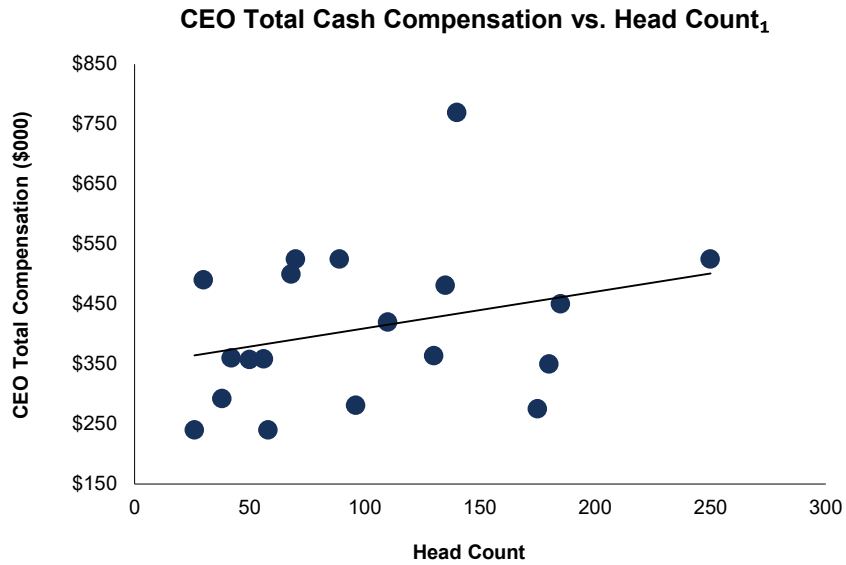
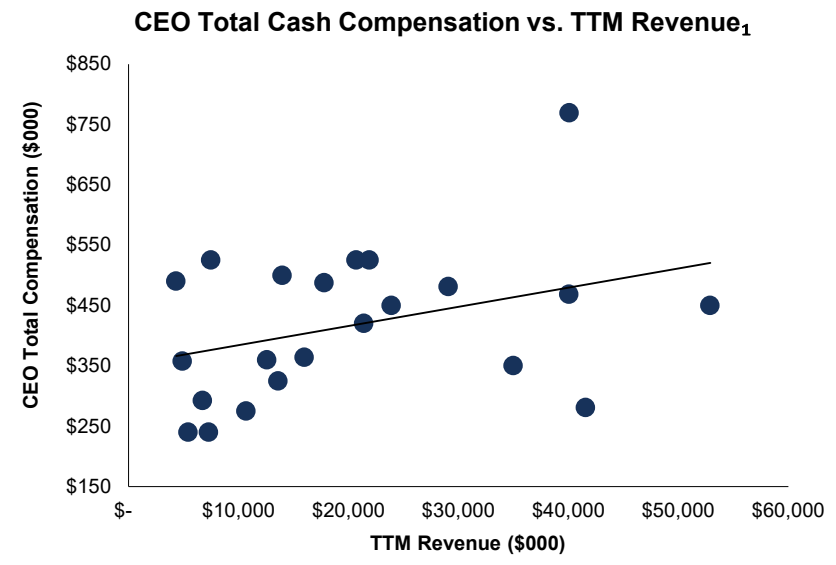


Exhibit 3b



¹One company with head count greater than 250 has been excluded.

Exhibit 4a

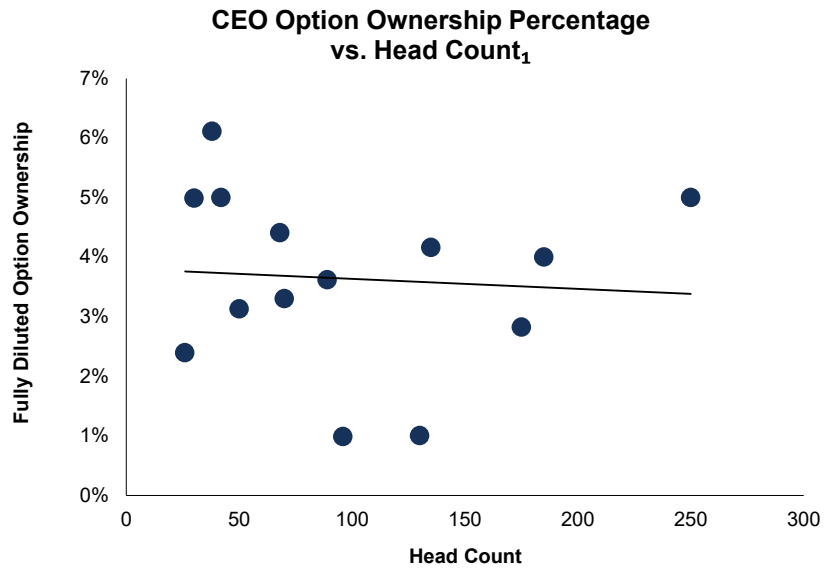


Exhibit 5a

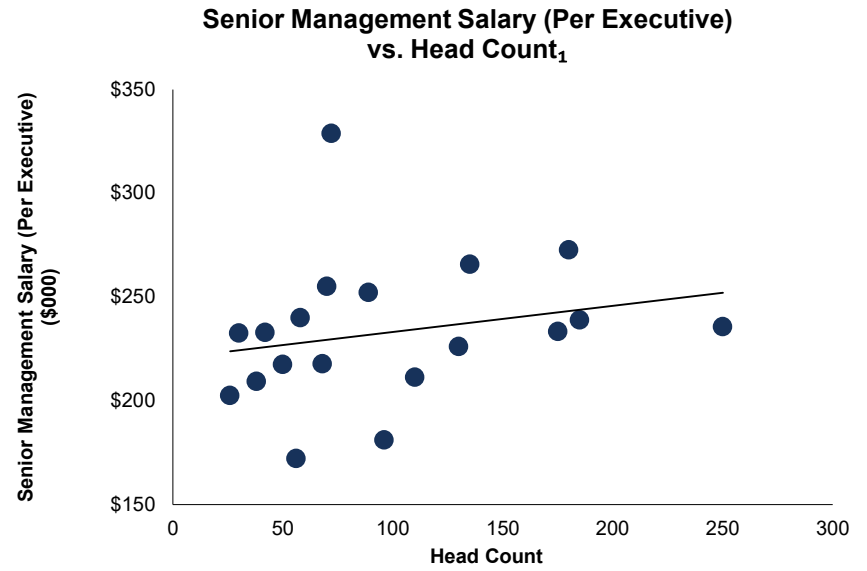


Exhibit 4b

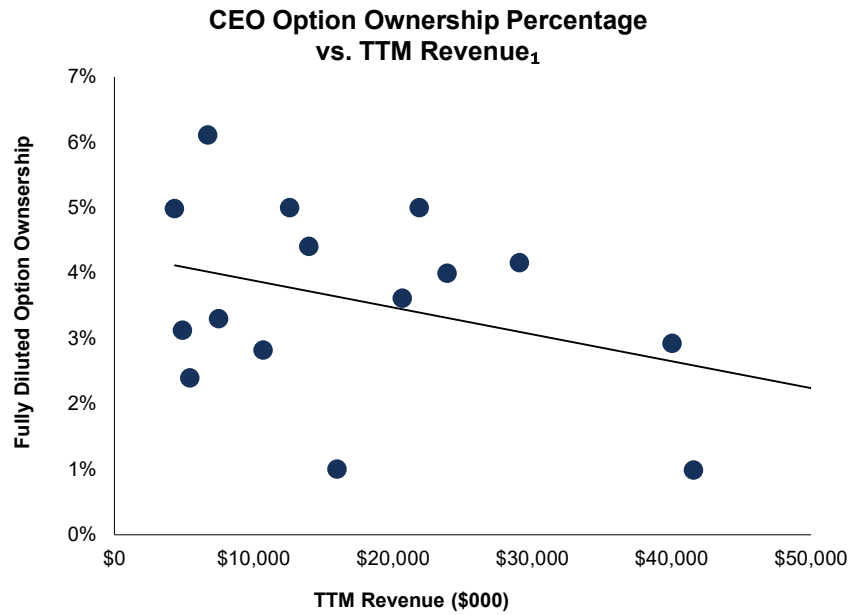
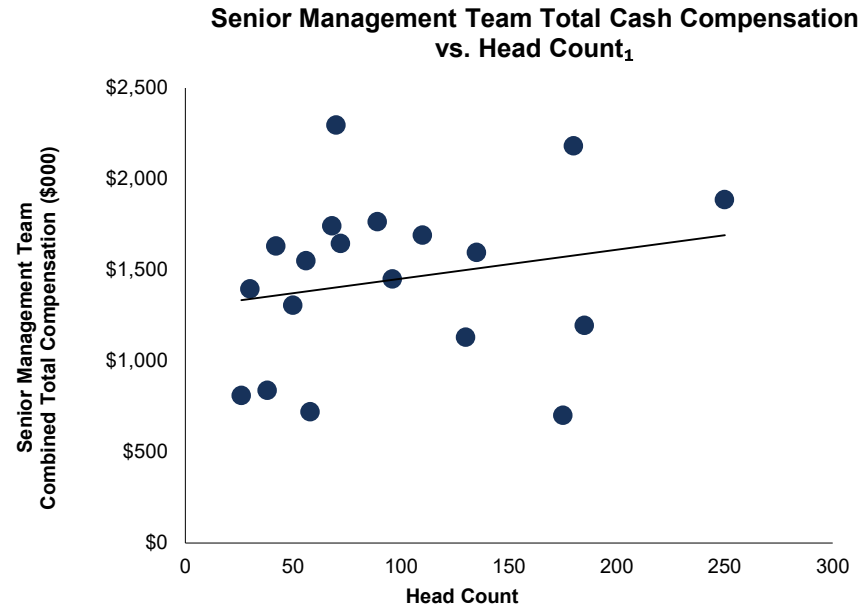


Exhibit 5b



¹One company with head count greater than 250 has been excluded.

Exhibit 6a

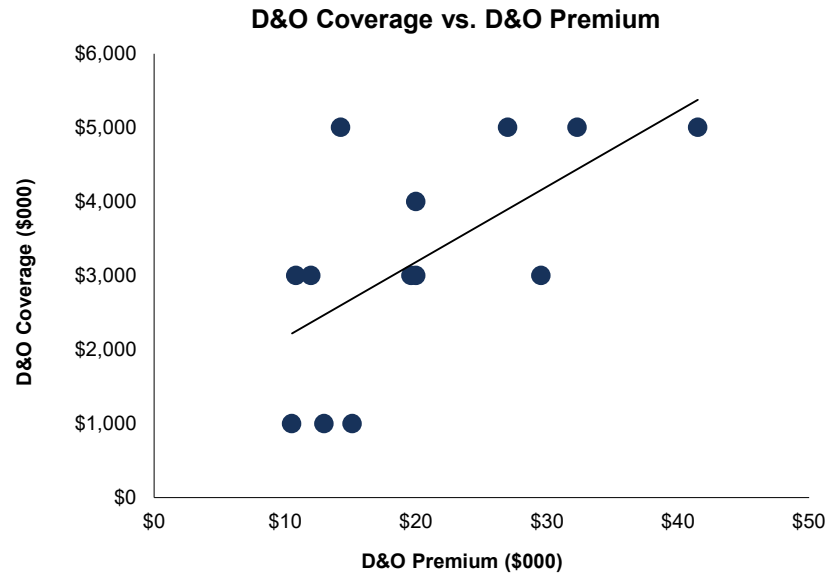


Exhibit 6c

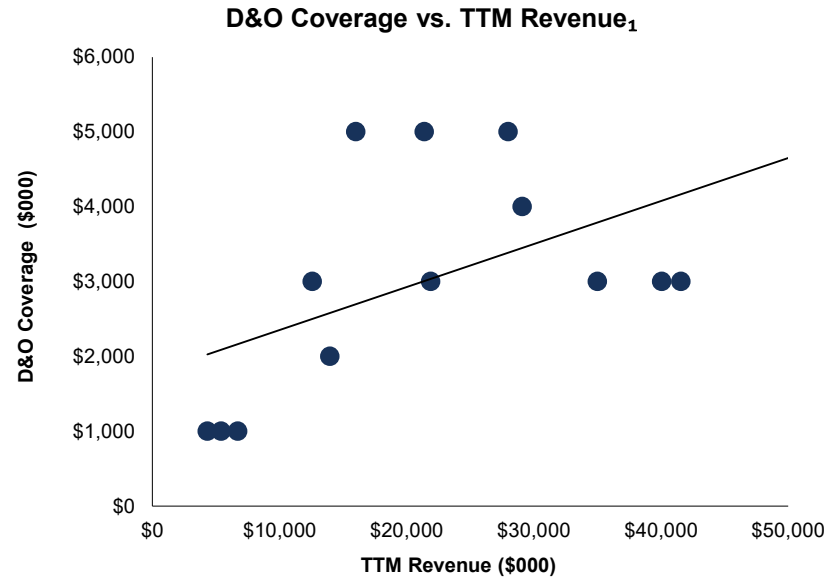


Exhibit 6b

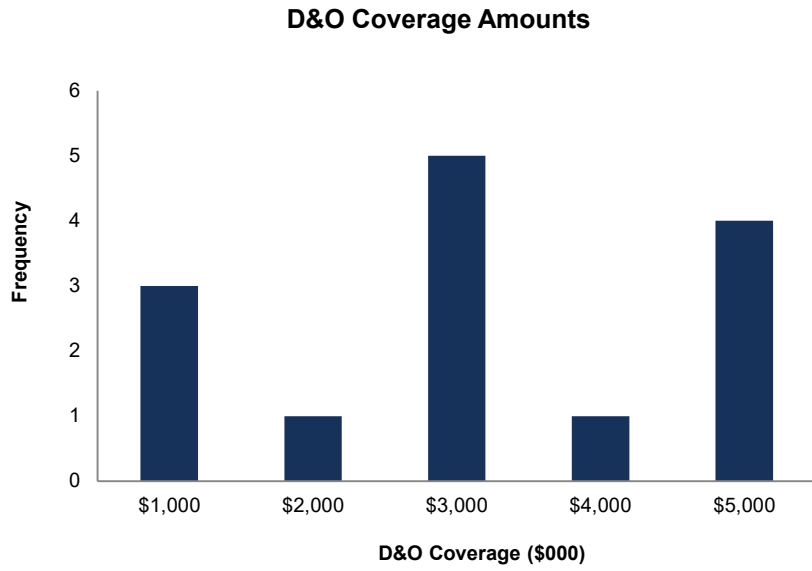
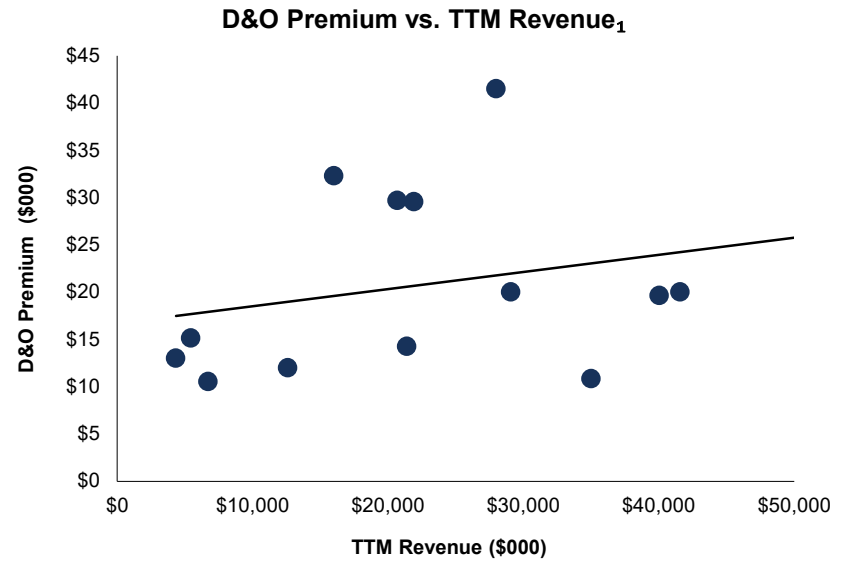


Exhibit 6d



¹One company with head count greater than 250 has been excluded.

Exhibit 7a

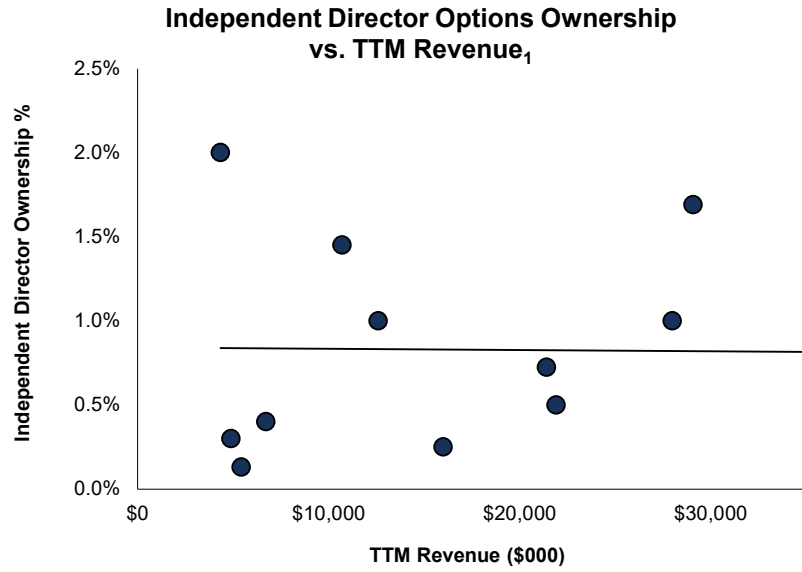


Exhibit 8a

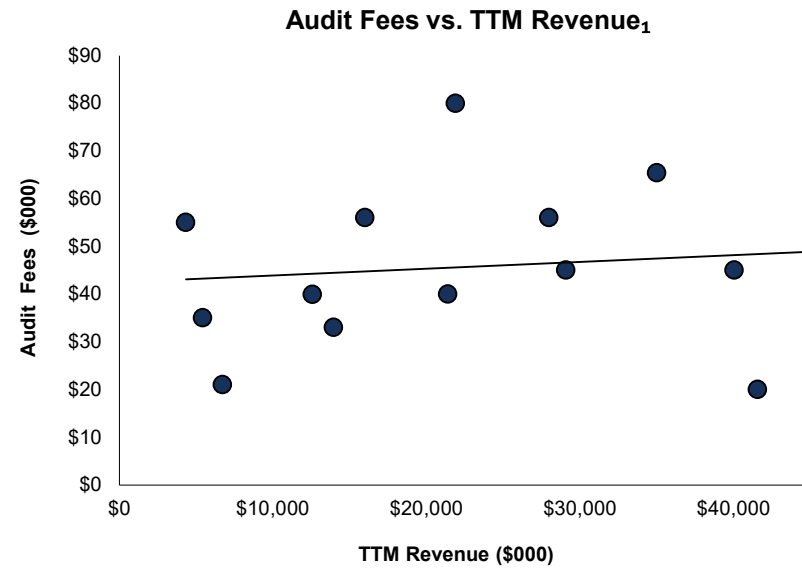


Exhibit 7b

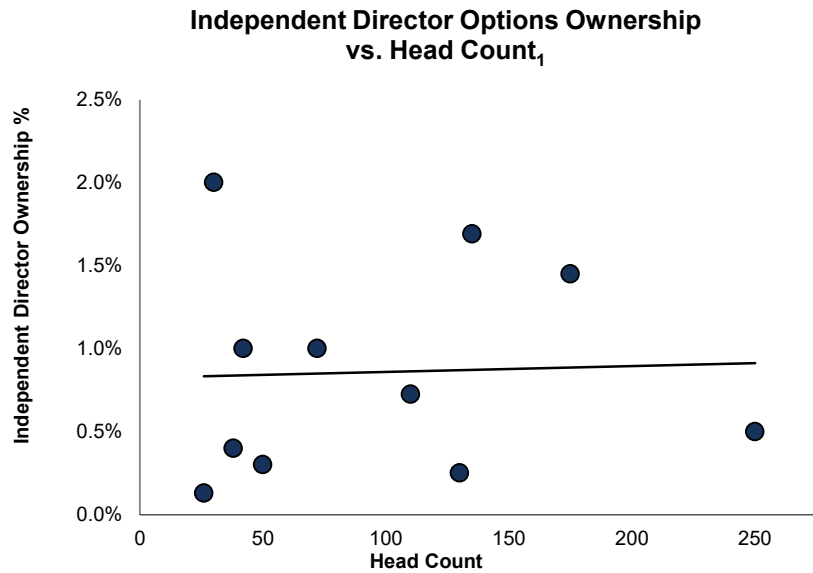
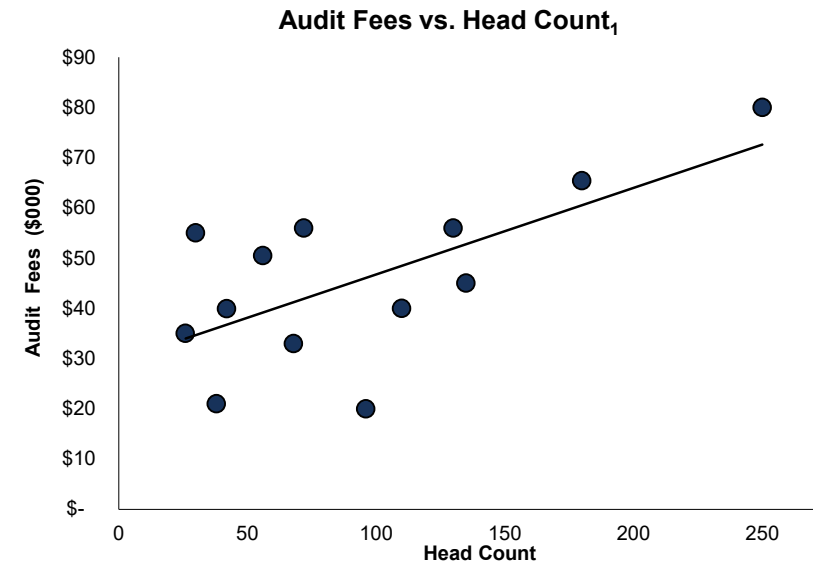


Exhibit 8b



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