

2015 Executive Compensation Trend Report

We are pleased to present the 2015 Executive Compensation Trend Report based on data collected from the recent 2015 VC Executive Compensation Survey. The report provides an overview of company metrics and company practices in private, venture-backed companies.



Through the efforts of the sponsoring venture firms and Advanced-HR, Inc., survey data was collected from 1320 private, venture-backed companies between mid-August and mid-September 2015.

We wish to thank those whose efforts went into participating in the survey and helping to assure the data is of the highest quality in the industry.

The 2015 VC Executive Compensation Survey was sponsored by the following Venture Firms:



2015 Executive Compensation Trends

Participants of the 2015 VC Executive Survey provided data on cash and equity compensation as well as metrics including cumulative capital raised, funding round completed, estimated current annual revenue, estimated company value, stage of development and number of employees.

In 2015, 1320 private company participants reported 7426 executive jobs, representing an increase of +22% in companies and +16% in jobs when compared to the 2014 survey.

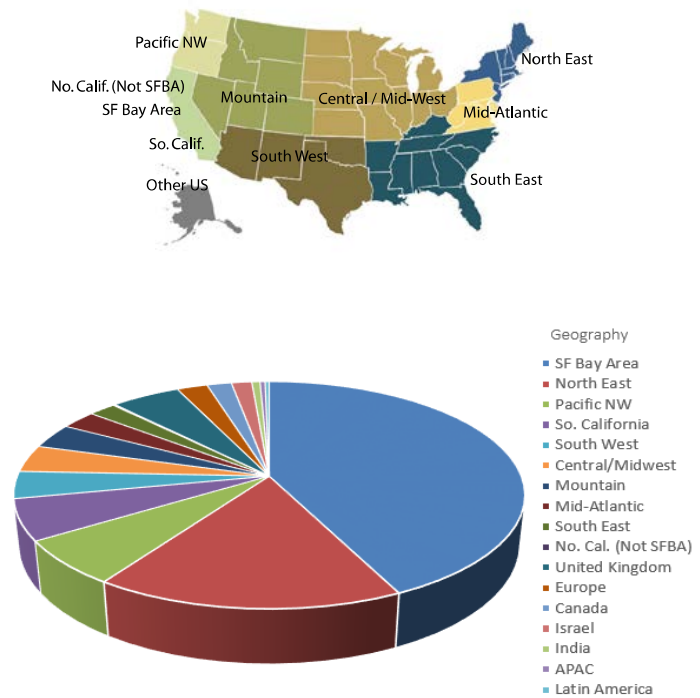
	2015 VCECS Companies Participating	2015 VCECS Jobs Reported	2014 VCECS Companies Participating	2014 VCECS Jobs Reported
Technology	1148	6553	899	5490
Life Sciences	172	873	179	888
TOTAL	1320	7426	1078	6378

Survey Demographics

2015 Geographic Distribution

The SF Bay Area region is the largest region represented in the survey. The region's participation represents 42.8% of the 2015 survey and a smaller percentage compared to 49.1% representation in 2014 survey.

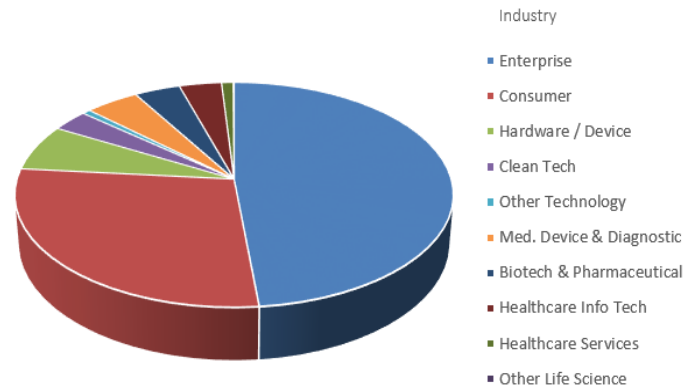
		Count	% Total
United States Regions	SF Bay Area	565	42.8%
	North East	221	16.7%
	Pacific NW	85	6.4%
	So. California	77	5.8%
	South West	51	3.9%
	Central/Midwest	51	3.9%
	Mountain	47	3.6%
	Mid-Atlantic	35	2.7%
	South East	27	2.0%
	No. Calif. (Not SFBA)	2	0.1%
	Other US		
International Countries & Regions	United Kingdom	68	5.2%
	Europe	30	2.3%
	Canada	24	1.8%
	Israel	20	1.5%
	India	8	0.6%
	APAC	5	0.4%
	Latin America	4	0.3%



Industry Sector Distribution

The industry distribution within the technology and life science sectors is similar in 2015 to distribution in 2014. As shown in the table below, the 2015 Enterprise industry continues to have the largest representation at 48.4%.

		Count	% Total
Technology Sector	Enterprise	639	48.4%
	Consumer	371	28.1%
	Hardware / Device	88	6.7%
	Clean Tech	41	3.1%
	Other Technology	9	0.7%
Life Sciences Sector	Med. Device & Diagnostic	60	4.5%
	Biotech & Pharmaceutical	51	3.9%
	Healthcare Info Tech	47	3.5%
	Healthcare Services	13	1.0%
	Other Life Science	1	0.1%

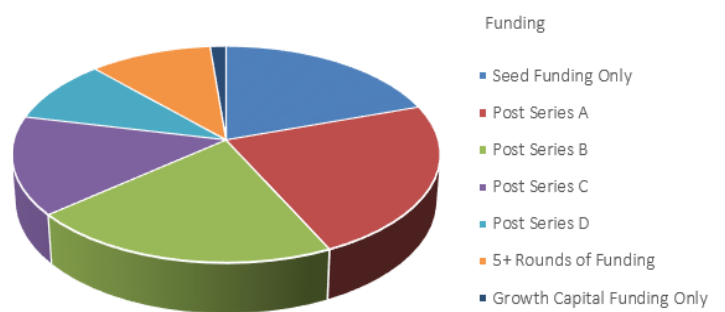


Funding Round

Participation of companies with “Seed Funding Only” grew by more than 3 times in the 2015 survey. Other groups increased proportionally to survey growth with the exception of “Growth Capital Only”, which reduced by about half.

	Count	% Total
Seed Funding Only	261	19.8%
Post Series A	306	23.2%
Post Series B	276	20.9%
Post Series C	194	14.7%
Post Series D	126	9.5%
5+ Rounds of Funding	139	10.5%
Growth Capital Only	18	1.4%

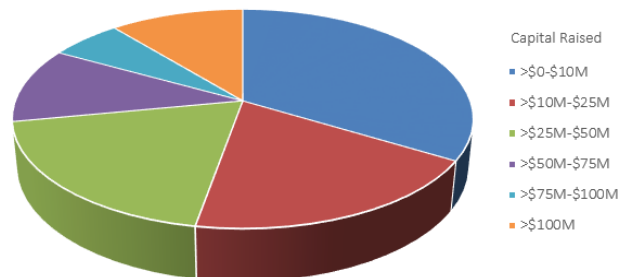
Cumulative Capital Raised



	Count	% Total
>\$0-\$10M	444	33.6%
>\$10M-\$25M	253	19.2%
>\$25M-\$50M	253	19.2%
>\$50M-\$75M	147	11.1%
>\$75M-\$100M	78	5.9%
>\$100M	145	11.0%

There was an increase in the 2015 category of “>\$0 - \$10M” cumulative capital raised, primarily due to the 3x growth of “Seed Funding Only” companies. Other Cumulative Capital Raised categories were comparable to the survey distribution in

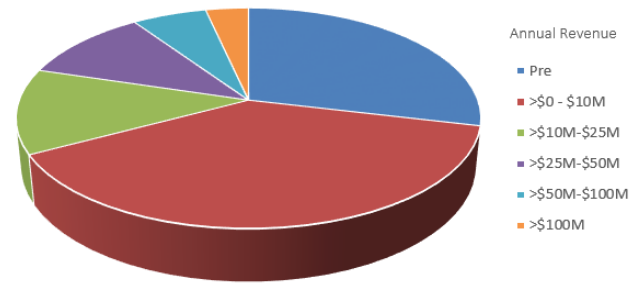
2014.



Estimated Annual Revenue for Current Fiscal Year

In 2015, companies that reported “Pre-Revenue” grew about 40% compared to 2014 pre-revenue companies while other categories increased roughly proportional to survey growth.

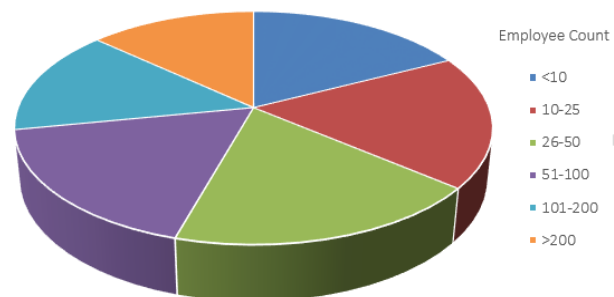
	Count	% Total
Pre-Revenue	379	28.7%
>\$0-\$10M	508	38.5%
>\$10M-\$25M	165	12.5%
>\$25M-\$50M	142	10.8%
>\$50M-\$100M	80	6.0%
>\$100M	46	3.5%



Number of Employees

Companies with <10 employees grew more than 2 times in 2015 while other categories increased roughly proportional to survey growth over 2014 participation.

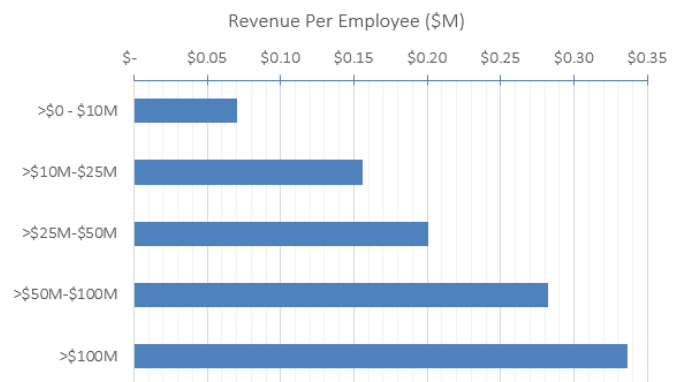
	Count	% Total
<10	231	17.5%
10-25	244	18.5%
26-50	244	18.5%
51-100	231	17.5%
101-200	194	14.7%
>200	176	13.3%



Revenue Rate per Employee

As companies increase in annual revenue, data shows the median revenue per employee increases consistently. In 2015, the median revenue per employee increases to \$340K per year for companies with revenues of more than \$100M annually.

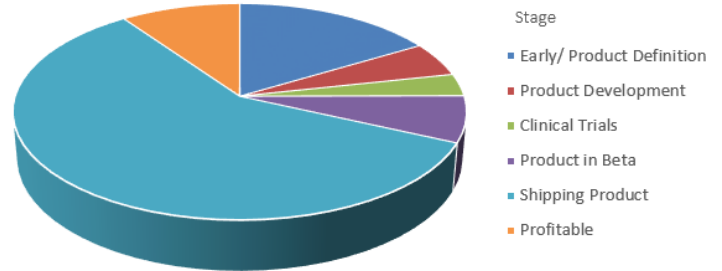
Estimated Annual Revenue Group	Count	Median Revenue per Employee (\$M)
>\$0-\$10M	508	\$0.07
>\$10M-\$25M	165	\$0.16
>\$25M-\$50M	142	\$0.20
>\$50M-\$100M	80	\$0.28
>\$100M	46	\$0.34



Stage of Development

As expected, companies reporting “Early/Product definition” roughly doubled in 2015 over the 2014 survey, proportional to seed funding. However, a growth of about 50% was also seen in the companies with “Product in Beta”.

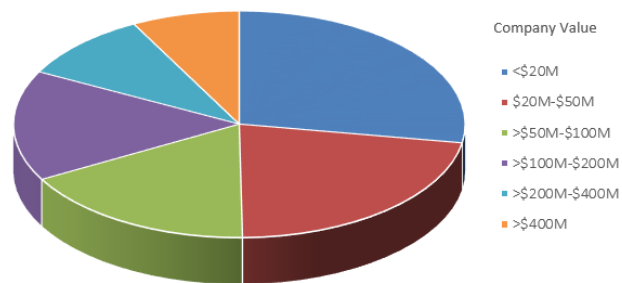
	Count	% Total
Early/Product Definition	217	16.4%
Product Development	68	5.2%
Clinical Trials (Life Sciences Only)	44	3.3%
Product in Beta	91	6.9%
Shipping Product	771	58.4%
Profitable	129	9.8%



Estimated Company Value

The distribution of company value among survey participants has not previously been reported. Groupings are typically targeted to provide an even distribution among participants to assist with maintaining confidentiality.

	Count	% Total
<\$20M	365	27.7%
\$20M-\$50M	292	22.1%
>\$50M-\$100M	226	17.1%
>\$100M-\$200M	208	15.8%
>\$200M-\$400M	127	9.6%
>\$400M	102	7.7%



Survey Population Overview

In 2015, companies described 28% of the 7427 jobs reported as founders. However, founders vary dramatically by position with heavier populations in the C-level positions.

	Total #	% Founder	% Non-Founder
Chief Executive Officer	1311	70%	30%
President (separate from CEO)	123	63%	37%
Chief Business Officer	19	26%	74%
Chief Operations Officer	287	34%	66%
Chief Technology Officer	740	58%	42%
Chief Med. Officer, Med. Director	50	20%	80%
Chief Scientific Officer	52	50%	50%
Chief Financial Officer	428	4%	96%
Chief Marketing Officer	182	16%	84%
Chief Product/Strategy Officer	193	52%	48%
Chief Revenue Officer	114	11%	89%
Chief Business Dev. Officer	9	22%	78%
Chief Customer Officer	23	39%	61%
Chief Administrative Officer	3	33%	67%
Chief People Officer	26	4%	96%
Chief Legal Officer	21	10%	90%
Executive Scientist/Architect	86	41%	59%
General Manager	117	7%	93%
C-Level Other	23	57%	43%

	Total #	% Founder	% Non-Founder
VP Operations	202	6%	94%
VP Engineering	614	13%	87%
VP Clinical/Regulatory	61	3%	97%
VP Research	116	9%	91%
VP Finance	218	0%	100%
VP Marketing	397	4%	96%
VP Product / Strategy	443	12%	88%
VP Sales	575	3%	97%
VP Business Dev.	273	9%	91%
VP Service and Support	219	6%	94%
VP Administration	8	38%	63%
VP Human Resources	134	1%	99%
VP Legal	131	2%	98%
VP Consulting	44	0%	100%
VP Quality	15	7%	93%
VP Manufacturing	47	2%	98%
Other VP	122	9%	91%

Trends in Executive Titles

Over the past year, the industry has seen an increased use of the Design/Creative, Data/Analytics and Customer Success titles in the executive roles. Title usage and category placement are provided for the 2015 survey.

- Design or Creative Executives:
 - 33 titles were reported in the Chief Product/Strategy Officer category, 17% of the category's population.
 - 25 titles were reported in the VP Product/Strategy category, 6% of the category's population.
- Data or Analytics Executives:
 - Two (2) titles were reported in the Chief Scientific Officer category, 4% of the category's population.
 - 25 titles were reported in the VP Research category, 22% of the category's population.
 - 10 titles were reported in the Executive Scientist/Architect category, 12% of the category's population.
- Customer Success Executives:
 - Two (2) titles were reported in the Chief Customer Officer category, 9% of the category's population.
 - 88 titles were reported in the VP Service and Support category, 40% of the category's population.

Analysis of CEO Cash and Equity Compensation in 2015

The table below shows 2015 median cash and equity compensation for six developmental cuts of survey data. When comparing CEO compensation, the trend of lesser cash and higher equity for founding CEOs remains intact.

- In earlier stage companies of the pre-revenue category, founding CEO base salary is an average of 47% less than non-founders while equity holdings remain about 2-3 times higher.
- In companies with revenue, founding CEO based salary is an average of 23% less than their non-founding counterparts while equity holdings increase to about 3-4 times their non-founding counterparts.

	Founder CEO Compensation	# CEOs	Median Base Salary	Median Total Target Pay	Median Total % Equity Held
Pre-Revenue Companies	Seed Funding Only	216	\$60,000	\$68206	35.8%
	Post Series A	61	\$150,000	\$150,000	21.8%
	Post Series B	34	\$177,500	\$177,500	11.2%
Companies with Revenue	Shipping Product, Revenue < \$10M	297	\$175,000	\$175,000	16.3%
	Shipping Product, Revenue \$10M+	198	\$240,000	\$270,500	11.6%
	Profitable	72	\$268,971	\$371,875	14.3%

With the possible exception of companies with only seed funding, hiring the CEO talent needed for development independent of stage appears to be the trend in venture backed companies. Survey data shows there is not a significant difference between the earlier stage and later stage non-founding CEO cash compensation.

	Non-Founder CEO Compensation	# CEOs	Median Base Salary	Median Total Target Pay	Median Total % Equity Held
Pre-Revenue Companies	Seed Funding Only	5	\$96,000	\$96,000	13.6%
	Post Series A	18	\$350,000	\$461,500	6.1%
	Post Series B	13	\$330,323	\$465,500	6.3%
Companies with Revenue	Shipping Product, Revenue < \$10M	94	\$259,999	\$350,000	5.5%
	Shipping Product, Revenue \$10M+	162	\$300,000	\$429,500	4.8%
	Profitable	52	\$325,000	\$500,000	4.8%

Non- Founder CEO Comparison by Industry

Presented below is more detailed data from the previous section to illustrate the differences between industries. Please note that often times the data sets get too small to make a meaningful comparison.

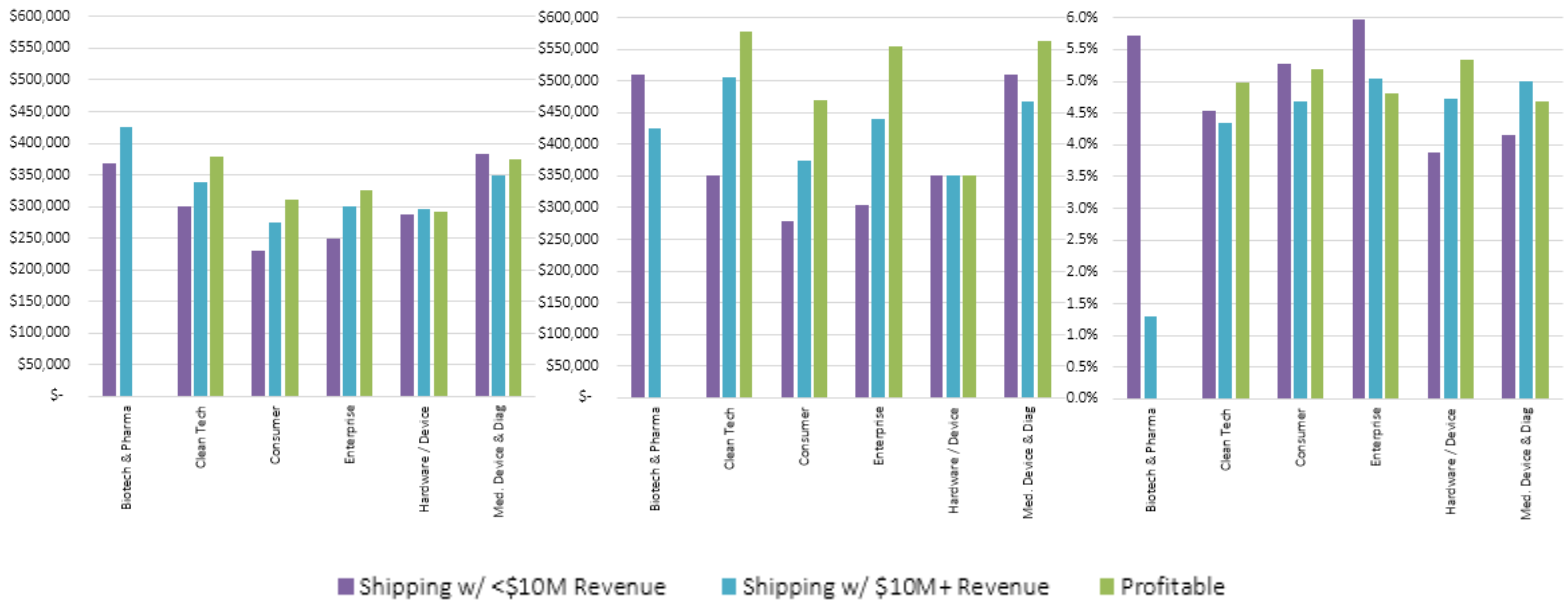
	Non-Founder CEO Compensation	# CEOs	Median Base Salary	Median Total Target Pay	Median Total % Equity Held
Shipping Product, <\$10M Revenue	Biotech & Pharmaceutical	3	\$368,000	\$511,000	5.7%
	Clean Tech	9	\$300,000	\$350,000	4.5%
	Consumer	15	\$229,508	\$278,689	5.3%
	Enterprise	52	\$250,000	\$305,000	6.0%
	Hardware / Device	6	\$287,541	\$350,000	3.9%
	Med. Device & Diagnostic	5	\$382,072	\$510,000	4.2%
Shipping Product, \$10M + Revenue	Biotech & Pharmaceutical	1	\$425,000	\$425,000	1.3%
	Clean Tech	4	\$337,500	\$506,250	4.3%
	Consumer	33	\$275,000	\$375,000	4.7%
	Enterprise	77	\$300,000	\$439,405	5.1%
	Hardware / Device	17	\$295,000	\$350,000	4.7%
	Med. Device & Diagnostic	11	\$350,000	\$468,000	5.0%
Profitable	Biotech & Pharmaceutical	0			
	Clean Tech	2	\$378,853	\$578,853	5.0%
	Consumer	22	\$311,729	\$470,000	5.2%
	Enterprise	32	\$326,434	\$555,000	4.8%
	Hardware / Device	1	\$291,741	\$350,089	5.3%
	Med. Device & Diagnostic	1	\$375,000	\$562,500	4.7%

Generally, life sciences companies get paid more in cash compensation but do not always receive less in equity compensation. The same tends to be true when comparing Consumer companies to Enterprise companies.

Median Base Salary
Non-Founder CFO

Median Total Target Pay
Non-Founder CFO

Median Total % Equity Held
Non-Founder CFO



Benchmarks in High Value Companies

The chart below shows several select founder and non-founder titles reported for the 31 Unicorns (companies with >\$1B value) that participated in the 2015 survey. While the non-founding executives have equity more or less as expected, the median total equity holding of 6.1% for the eight (8) non-founding CEOs is surprisingly high.

		Compensation in \$1B+ Companies	#	Median Base Salary	Median Total Target Pay	Median Total % Equity Held
Founders	Chief Executive Officer		23	\$262,295	\$374,750	9.3%
	Chief Technical Officer		14	\$225,266	\$289,750	9.6%
Non-Founders	Chief Executive Officer		8	\$350,000	\$530,000	6.1%
	Chief Technical Officer		12	\$285,000	\$351,500	0.6%
	Chief Financial Officer		20	\$297,541	\$350,000	0.8%
	Chief Marketing Officer		11	\$275,000	\$350,000	0.3%
	VP Engineering		39	\$230,000	\$292,488	0.2%
	VP Product / Strategy		31	\$250,000	\$270,100	0.3%

Refresh Equity and Performance Equity

Since 2000, when the length of time for company development to IPO increased to 8 – 10 years, companies have struggled with equity refresh and retention strategies. To date, there does not seem to be a consistent approach for use of granting additional equity for executive retention.

The table below shows the number of CEOs by stage, the percent receiving a grant subsequent to their founding shares or hire-on grant, and the median amount of the grant as a percentage of the fully diluted shares (FDS). Data indicates that in later stage companies with revenue, refresh practices seem somewhat similar between the founding and non-founding CEO populations.

		Refresh Practices	Founding CEO			Non-Founding CEO		
			# CEOs	CEOs With Additional Grant	Median % FDS of Grant	# CEOs	CEOs With Additional Grant	Median % FDS of Grant
Pre-Revenue Companies	Seed Funding Only	214	0 (0%)	0.0%	5	0 (0%)	0.0%	
	Post Series A	58	1 (2%)	2.0%	18	4 (22%)	1.7%	
	Post Series B	34	6 (18%)	1.9%	13	6 (46%)	1.8%	
Companies with Revenue	Shipping Product, Revenue < \$10M	297	34 (11%)	1.20%	94	22 (23%)	1.5%	
	Shipping Product, Revenue \$10M+	198	55 (28%)	0.97%	152	56 (37%)	0.8%	
	Profitable	720	23 (32%)	0.79%	62	18 (29%)	0.7%	

The following table shows the number of CEOs by stage, the percent receiving performance equity, and the median amount of the performance grants as a percentage of the fully diluted shares (FDS). The use of performance equity continues to be seen in a smaller percentage of the CEO populations without any apparent pattern to founding status or stage of company development.

		Founding CEO			Non-Founding CEO			
		Performance Equity	# CEOs	CEOs With Performance Equity	Median % FDS of Grant	# CEOs	CEOs With Performance Equity	Median % FDS of Grant
Pre-Revenue Companies	Seed Funding Only		214	0 (0%)	0.0%	5	1 (20%)	0.1%
	Post Series A		58	0 (0%)	0.0%	18	1 (6%)	0.3%
	Post Series B		34	2 (6%)	0.4%	13	0 (0%)	0.0%
Companies with Revenue	Shipping Product, Revenue < \$10M		297	4 (1%)	0.23%	94	4 (4%)	2.2%
	Shipping Product, Revenue \$10M+		198	11 (6%)	1.02%	152	12 (8%)	0.6%
	Profitable		70	8 (11%)	0.23%	62	3 (5%)	1.5%

Company Ownership

The tables below show 2015 median (50th percentile) ownership as a percentage of company fully diluted shares by founder, investor and employee groups for six developmental cuts of survey data by CEO founder status.

		Employee Ownership – Companies with Founding CEOs	#Cos	Median # Employees	Median % Founder	Median % Investor	Median % Employee*
Pre-Revenue Companies	Seed Funding Only		214	6	66.7%	20.0%	10.7%
	Post Series A		58	14	40.6%	44.1%	15.2%
	Post Series B		34	35	23.6%	60.0%	14.4%
Companies with Revenue	Shipping Product, Revenue <\$10M		297	35	29.3%	52.6%	15.9%
	Shipping Product, Revenue \$10M+		198	140	19.3%	61.4%	18.7%
	Profitable		70	150	30.0%	53.6%	18.1%

* Employee ownership includes unissued options

Founder influence on company data shows not only in Median % Employee ownership but also seems to influence the lower Median % Investor ownership when compared to companies with non-founding CEOs.

		Employee Ownership – Companies with Non-Founding CEOs	#Cos	Median # Employees	Median % Founder	Median % Investor	Median % Employee*
Pre-Revenue Companies	Seed Funding Only		5	5	68.4%	17.0%	9.2%
	Post Series A		18	18	10.1%	68.6%	16.8%
	Post Series B		13	22	5.8%	73.8%	17.3%
Companies with Revenue	Shipping Product, Revenue <\$10M		94	47	10.4%	70.1%	19.1%
	Shipping Product, Revenue \$10M+		152	127	3.8%	73.0%	21.5%
	Profitable		62	240	4.5%	65.8%	25.1%

* Employee ownership includes unissued options

While a significant difference in Median % Employee ownership is not present in early pre-revenue development, companies with non-founding CEOs have between a 3.1% to 7.0% increase in total employee ownership in later stage development, post-revenue.

About Advanced-HR

Advanced-HR is the leading innovator in private, venture backed company compensation. We published the first pre-IPO survey conducted in 1997 and were the first company to launch a web-based compensation survey. The data and services we provide have helped determine many of the compensation trends over the last two decades.

Advanced-HR delivers essential compensation planning and competitive data services to private, venture backed companies.

optiondriver

Discover a new era in compensation. Option Driver delivers automated competitive stock and pay plans that are perfect for your company.

Private companies can:

- Integrate their employee data, hiring projections and company equity with our competitive data in one platform
- Understand the market instantly and develop stock and pay plans geared to your hiring needs
- Eliminate having to participate in a salary survey and the pricey compensation consultant – they are both embedded in the system

optionimpact

Our private company, compensation data service is now **collaborative**. Submit company data and get full access to Option Impact at no cost. All jobs, all free.

Option Impact is the largest private company data set in the industry with services currently provided to >1300 private companies and >65 venture firms globally

Contact us for a demo today. www.advanced-hr.com