

Park Square and WilmerHale Release 17th Annual Technology and Life Sciences Compensation and Entrepreneurship Study

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Growth rate in salaries for private company technology executives track higher than comparable life science leaders for the second year in a row. Executives in both industries, especially technology, saw strong salary growth in 2016.

According to an executive compensation study of private businesses released this week, non-founder C-suite executives at private technology companies saw their cash compensation increase by 6% year over year, while comparable executives at private life sciences and healthcare firms experienced an average increase of 4.2%. This increase in the technology sector is the highest the survey has seen in more than 10 years and is the fourth highest increase since data collection began 17 years ago.

CompStudy, now in its 17th year, also revealed compensation levels and trends for specific functional roles. In terms of target bonuses, non-founder CEOs at private technology companies surveyed saw increased bonus targets between 2015 and 2016, with the average jumping from \$113,000 to \$121,000. Technology CEOs saw their base salaries grow by an average of 3.5%, up to \$263,000 in 2016. CEOs at private life sciences firms surveyed experienced a similar increase in bonus targets year over year, specifically \$108,000 to \$119,000. They also had a strong 6.2% increase in base salaries, bringing their average total target cash compensation to \$412,000 in 2016. While these averages cut across a wide swath of company types and stages, more granular analysis can be viewed by registering at www.compstudy.com.

On prior-year bonus attainment, technology non-founder CEOs again fared slightly better than their life sciences counterparts. Technology CEOs received, on average, 61.5% of their at-plan cash bonus, slightly lower than the running five-year average of 66%. Life sciences non-founder CEOs received 56.5% of their comparable target, below the historical average of 64%.

CompStudy is produced by Park Square Executive Search in collaboration with Professor Noam Wasserman of University of Southern California, and is sponsored by WilmerHale. The results from the 2016 CompStudy survey includes data collected on nearly 5,000 executives of venture-backed companies. Over the survey's history, data has been compiled on nearly 40,000 executives of

venture-backed companies.

Although IPO activity has decreased in volume from the previous two years, in 2016 and already in 2017, M&A activity remains strong, the IPO window is still open, and company creation is active. "All of these variables factor into competition for talent, especially in the major life sciences hubs," said Bruce Rychlik, managing partner of Park Square Executive Search.

"The technology and life sciences sectors had a strong year with demand for talent driving up compensation. Tech executives have seen an average increase of 6% in their total compensation, which is a testament to the fact that companies are rewarding talent that drives scalability," said Dave Gammell, co-chair of WilmerHale's Emerging Company Practice.

The study is the most comprehensive survey of executive compensation among privately held, emerging technology and life sciences companies and the first to make this information readily available. The results are used as an authoritative guide by venture capital firms, investors and their portfolio companies to make critical decisions regarding attracting, rewarding and retaining key talent.

"The CompStudy data collected annually by Park Square has proven to be a valuable tool for boards as they make compensation decisions and look to make critical executive hires," said Kimberly Wethly, chair of WilmerHale's Tax Group.

Study results are available at www.compstudy.com and were explained in detail on Friday, February 3, 2017, during two separate technology- and life sciences-focused webcasts. The webcasts, led by senior practitioners at Park Square and WilmerHale, investors, and private company executives, discussed how life sciences and technology companies have reacted to the state of the economy and what the future might hold for venture-backed companies. [View the webinar recordings and presentation materials.](#)

Methodology

500 privately held, emerging technology and life sciences companies throughout the United States took part in the survey, which delved into the compensation, bonus and equity packages of top executive positions, including chief executive officer, president/chief operating officer and chief financial officer. The data was analyzed in aggregate with detailed views by position looking at industry vertical, product stage, revenue, headcount, geography, founder status and financing stage. More than 80% of the surveyed companies have fewer than 75 employees.

Park Square Executive Search

Park Square Executive Search is a retainer-based executive search firm located in Boston, Massachusetts and Menlo Park, California. Park Square serves clients and institutions that are changing the world through discovery, innovation and growth. More information about the firm can be found at www.parksquaresearch.com.