

# BDO 600

## Board Director Compensation Trends in Technology



**D**irector compensation among middle market public companies is up 12 percent in fiscal year 2013, a significant jump from the 3 percent increase in the previous year, according to an analysis of 600 companies conducted by BDO USA, LLP a leading accounting and consulting organization.

**Despite an unusual decline last year, board compensation in the technology industry is back on track with notable percentage increases from the previous fiscal year.**

On average, technology board members earned \$194,341 in fiscal year 2013, up from \$174,407 in 2012. With economic conditions improving, average director compensation across all industries is up 12 percent this year, with technology seeing an 11 percent increase in average pay. In addition, compensation for board directors at mid-market technology companies continues to exceed all eight tracked industries for the fourth consecutive year.

“Overall director compensation is trending upwards, and this comes as no surprise for the technology industry. Board compensation has typically been aligned with the demand that technology companies place on their board members,” says **Randy Ramirez, senior director in the Global Employer Services Practice at BDO.** “Director compensation in the technology sector continues to be strong, and companies will likely continue to offer high premiums to bring in competitive board talent.”

### **PAY LEVELS RESURFACE AMONG TECHNOLOGY COMPANIES**

Although technology company boards saw an atypical halt in their compensation levels last year, overall compensation in the technology industry (\$194,341) surpassed

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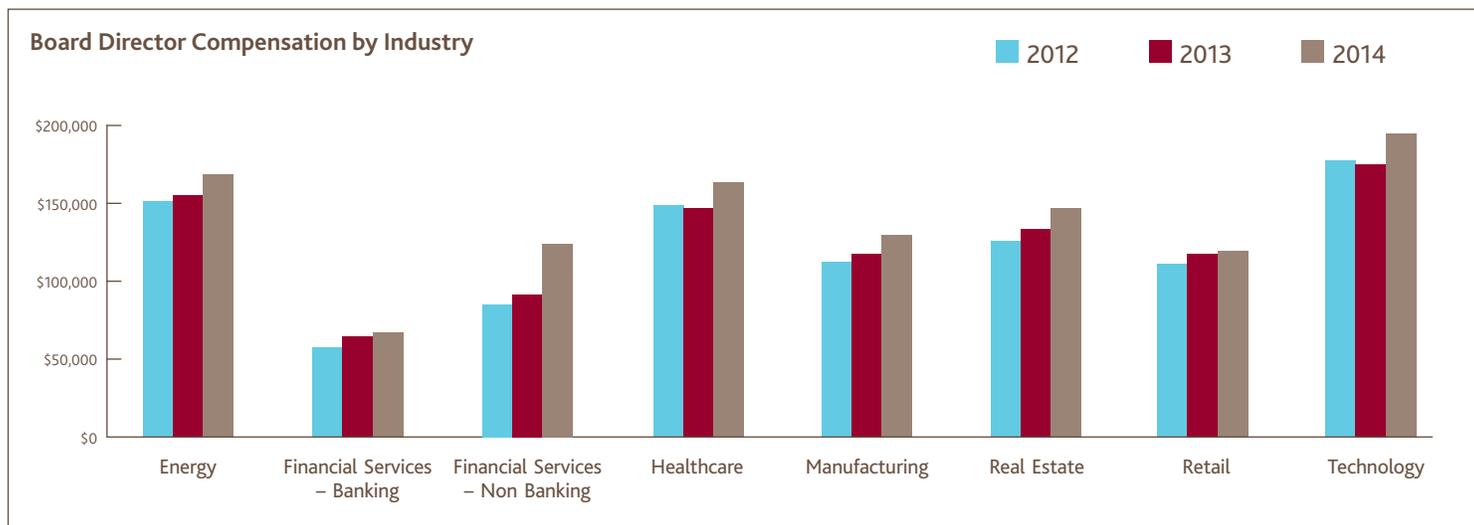
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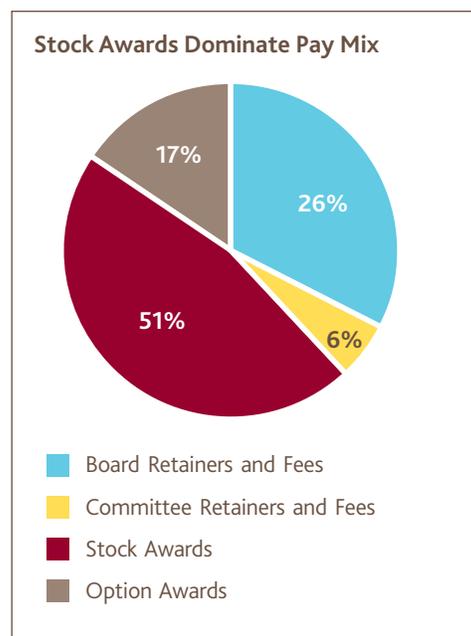
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that of the other analyzed industries this year. New growth opportunities are emerging for technology companies, such as the wearable devices market, defense applications and medical devices. For wearable devices, for example, according to IDC, consumers and businesses will buy nearly 112 million wearable computer devices by 2018, marking a 78.4 percent growth rate from 2014's predicted sales. As innovation continues to determine companies' success levels, technology firms will place higher premiums on board members who can preserve investor and consumer demands in a fast-paced environment while managing the accounts on a balance sheet.

### STOCK AWARDS MAKE UP A LARGE PORTION OF PAY MIX

Stock awards continue to dominate total board member compensation in the technology industry, accounting for approximately \$99,258, or 51 percent, of the total compensation package. This is up 14 percent from fiscal year 2012, which saw \$86,795 in stock awards. Companies tend to favor stock awards as a way to offer long-term economic value without reducing company stock. Compared to last year, committee retainers and fees among technology companies increased 8 percent to \$11,710, while stock options increased 25 percent to \$32,734 from last year's levels.



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