

2016 HCIT SALES COMPENSATION REPORT



The purpose of the survey was to gain a real world-view of HCIT Sales compensation in 2016. Sanford Rose Associates -The Tolan Group, a leader in HCIT executive search, conducted this survey through inviting sales candidates in our database that specialize in Healthcare IT sales. Participation in this survey was completely voluntary and completed by 139 participants across the country. The report details every facet of their current compensation including salary, total compensation, stock options, titles for the participants, quota attainment, geographical coverage, education and years of experience in sales, healthcare and HCIT. We hope you find this report helpful as you evaluate your own sales and sales leadership organization and how they are compensated based on the data contained in this report.

The Tolan Group
EXECUTIVE SEARCH
A Member of the Sanford Rose Associates® Network of Offices

Executive Summary

We hope you find our 2016 HCIT Sales Compensation Survey a useful tool as your company finds ways to attract and retain great sales and sales leadership talent. Since the inception of our firm, 50% of our placements come from placing executives including CEO's, CFO's, CIO's and SVP's. In addition, fully 50% of our placements are sales and marketing related. To that end, we started a Sales and Marketing Practice (SAM) to further expand our reach in helping HCIT companies grow and scale. We have helped numerous HCIT companies build entire sales and marketing teams, top-grade existing teams and find and recruit new sales leaders when the existing leaders fail to deliver against the sales goals for the organization.

Our partners have a combined 50 years of healthcare and HCIT experience in running large scale sales organizations and we have "real world" expertise in evaluating sales and marketing candidates for our client companies. Today we serve almost 100 clients in every market niche within the HCIT marketplace including start-ups, early stage and publicly traded companies. Each of these companies have the same goal in mind – to find and attract top shelf sales and marketing talent.

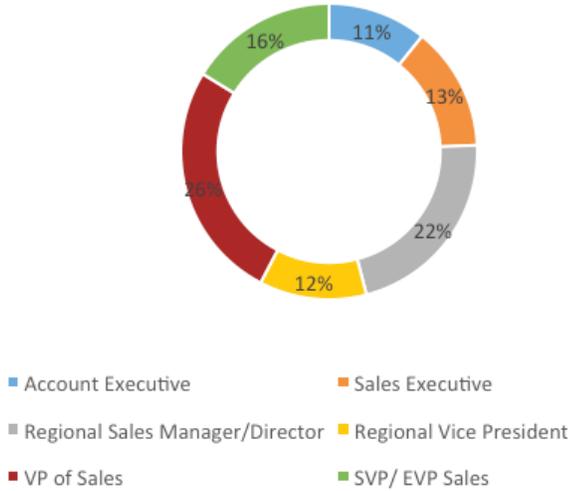
In this year's survey you will find that the level of expertise and the tenure for many of our survey participants is nothing short of impressive. You will also find that many of those same individuals are earning higher base salaries and total compensation than ever before. The billions of dollars invested in the last decade in HCIT have made our industry much more appealing and attractive to great sales talent – now more than ever. Every week we receive phone calls from sales and sales leaders that want to break into HCIT because of the growth and upside in our market.

We are market masters in our niche: Today we have tens of thousands of candidates in our network and we work with some of the most recognized names in HCIT. We hope you enjoy reading the 2016 HCIT Sales Compensation Survey. If we can answer any questions regarding our survey, please feel free to call us at 904-875-4787 to learn more.

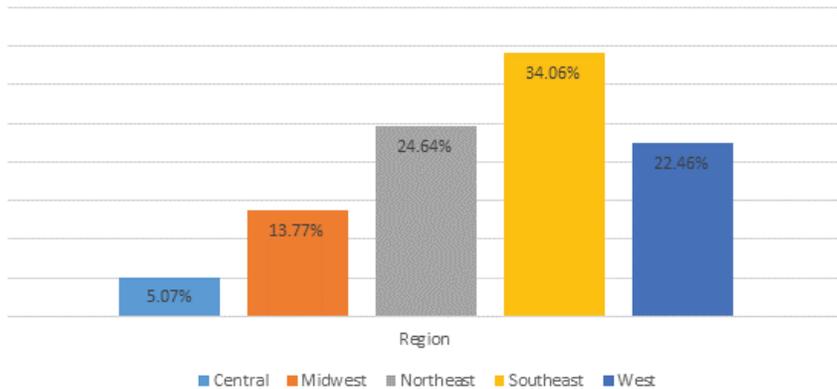
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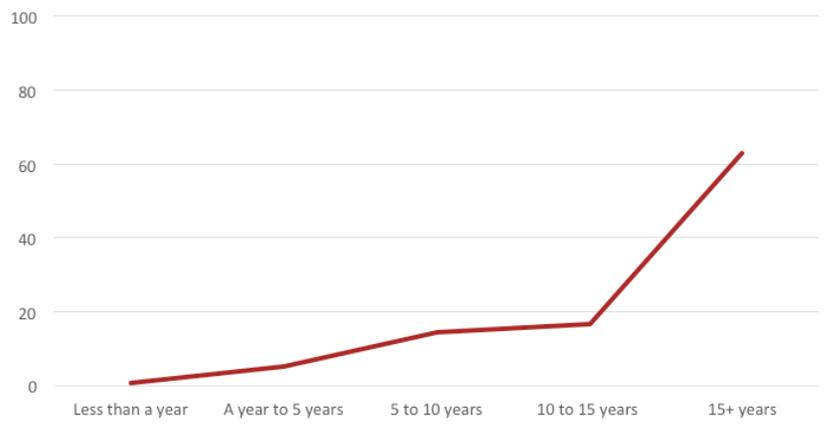
WHAT IS YOUR TITLE?



WHAT REGION ARE YOU LOCATED IN?



HOW LONG HAVE YOU BEEN IN HEALTHCARE?

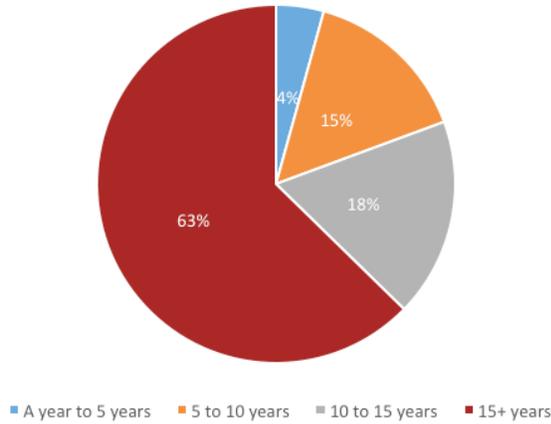


I actually have a strong opinion regarding titles. Having led sales teams as an EVP in HCIT for years – I also once carried a bag. As an individual contributor, my world changed the day I became a Regional Vice President. This allowed me to open doors that had previously been closed. In our survey 76% of participants had a title other than sales executive or account executive. Many of our clients anoint individual contributors with a title that will help them gain an audience with a decision maker.

Most HCIT companies use target accounts to assign territories instead of accounts that are located within a certain region. No surprise that a large percentage of the US population is located on the eastern seaboard. To that end nearly 60% of our respondents live in the SE or the NE. 22% cover the western states while approximately 14% handle the Midwest. Only 5% of the survey respondents live and cover the central region. Most of our clients have a regional sales strategy with four main regions.

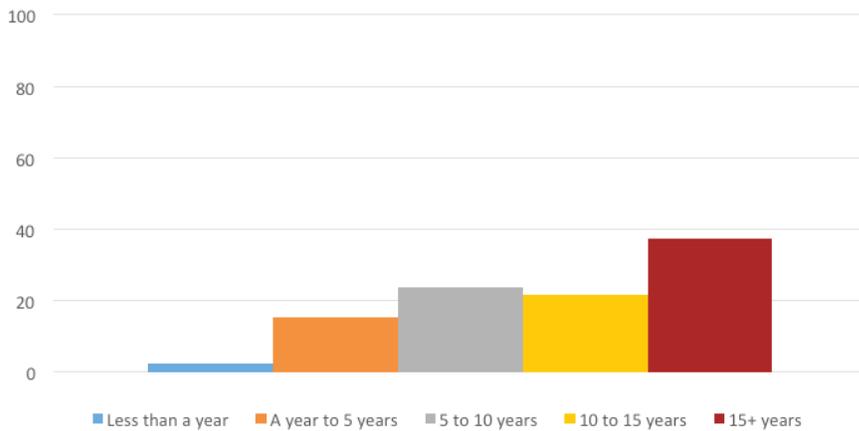
Most of our clients require experience in healthcare for both individual contributor roles and sales leadership roles. The good news is those we surveyed have deep healthcare domain experience. In many cases having solid healthcare sales experience without pure HCIT expertise is still very appealing to many companies in this high growth industry. Over 60% of survey participants have over 15 years of healthcare domain knowledge followed by nearly 20% that have been in healthcare for more than a decade or more.

HOW LONG HAVE YOU BEEN IN SALES?



Tenure is always a key driver our clients look for in a sales leader or individual contributor. While some companies attempt to hire sales people or sales leaders lower than the market commands, our experience shows the actual revenue/quota generated is usually greater for those with 10-15 years of HCIT experience. Our survey shows that we have very seasoned sales talent in our market and a whopping 81% of those surveyed have between 10 and 15 years of sales experience.

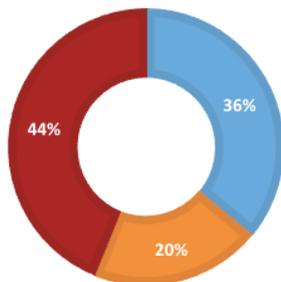
HOW MANY YEARS OF HCIT EXPERIENCE DO YOU HAVE?



There is a big difference in having pure sales experience versus HCIT sales experience. Selling solutions requires skills and expertise in industry knowledge, product knowledge and the know-how to sell complex solutions to multiple types of economic buyers and stakeholders. Companies invest more in a sales leader or individuals that have a deep understanding of the market and have proven success metrics and sales skills to out-manuever the competition. Experience requires a larger investment in total compensation. 38% of those surveyed have 15+ years of HCIT experience.

ARE YOU AN INDIVIDUAL CONTRIBUTOR, PLAYER COACH OR DO YOU MANAGE A TEAM?

■ Manage a team ■ Player Coach ■ Individual contributor



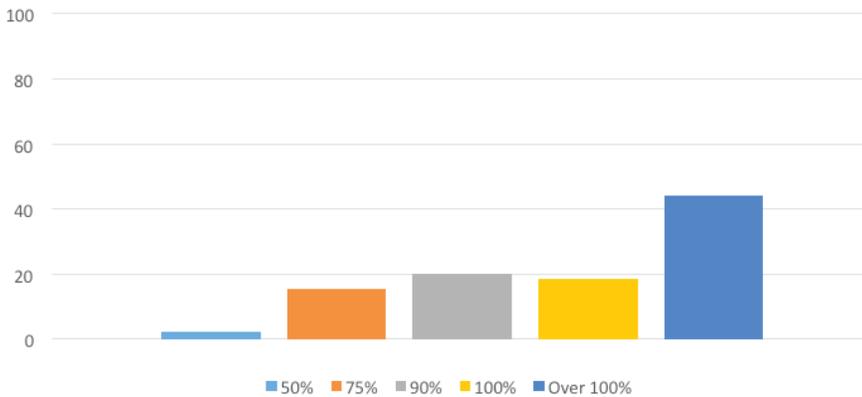
Great sales people are always selling or teaching and mentoring their teams on how to hone their selling and closing skills. One of the really impressive data points in this survey clearly demonstrates that one out of five (or 20%) of our survey participants wears a leadership and sales hat. It requires a unique skillset to lead a team and sell simultaneously. 44% of those surveyed are “pure-play” individual contributors while slightly more than 1/3 manage a sales team.

WHAT IS YOUR AVERAGE QUOTA?



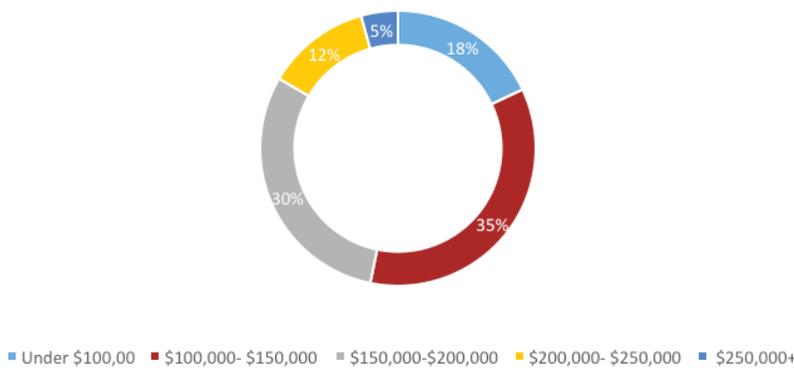
More than half of those surveyed in this report carry an impressive \$4M+ quota. You have to pay attention to the math on quota and quota attainment and make sure you are calculating bookings vs. actual GAAP revenue. Some firms calculate total contract value (TCV) as a way to measure quota while others measure both TCV and GAAP revenue and assign a quota to both numbers. 16.4% carry a quota of \$2M - \$3M while the others have a quota of \$2M or less.

OVER THE LAST THREE YEARS, WHAT WAS YOUR AVERAGE QUOTA ATTAINMENT?



We measure quota and quota attainment in this survey, as we do when we are vetting candidates. Over 44% exceeded their quota while nearly 19% achieved 100% of their quota attainment. Over 19% finished at 90% of their quota plan while the remaining 18% fell short against their plan. The good news for CEO's and other executives in HCIT is that over 63% of those surveyed made or exceeded their plan. Success metrics matter - when vetting sales candidates against their assigned quota.

WHAT IS YOUR CURRENT BASE SALARY?



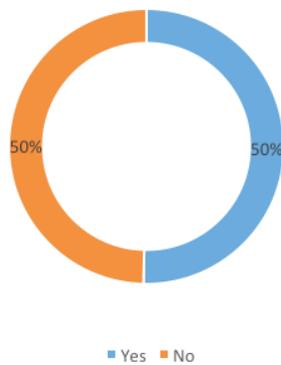
With the significant investments made in HCIT in the past eight years the demand for sales talent has increased. With a large percentage of those surveyed having over 10 years of HCIT sales experience, we've seen salaries rise as the demand has increased. Over 36% have a base salary over \$100,000 while nearly 30% earn between \$150,000 - \$200,000 in base salary. With a mix of sales leaders, player/coaches and pure sales reps, these numbers are impressive. 15% have a salary of over \$200,000.

OVER THE LAST THREE YEARS, WHAT HAS BEEN YOUR TOTAL CASH COMPENSATION PER YEAR? (INCLUDED IN THIS IS SALARY, BONUSES AND COMMISSIONS)



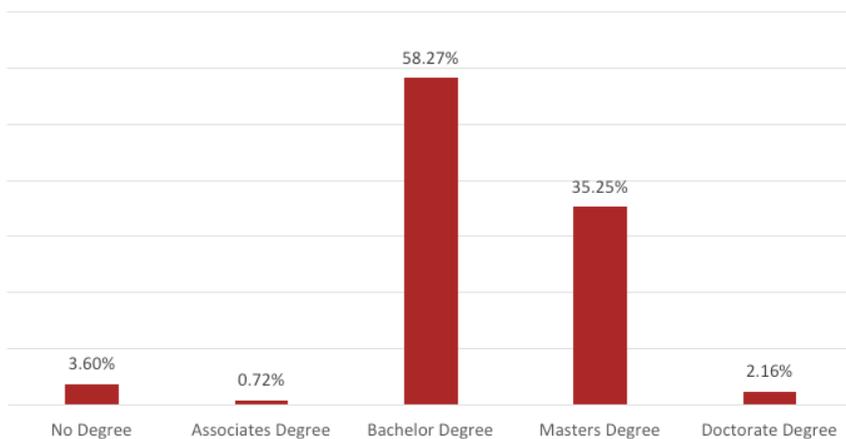
Show me the money! Total compensation for this group surveyed was all over the map. But - the numbers are still very significant. The largest segment of those surveyed earned between \$200,000 - \$250,000 while nearly 20% earned between \$250,000 - \$300,000. A whopping 35% earned between \$100,000 and \$200,000 in total income. Even the superstars had a large slice of the total income pie coming in at over 18% in those earning between \$300,000 and \$350,000+, rivaling “C-level” compensation in some HCIT companies.

DO YOU HAVE EQUITY/ STOCK OPTIONS AS A PART OF YOUR COMPENSATION?



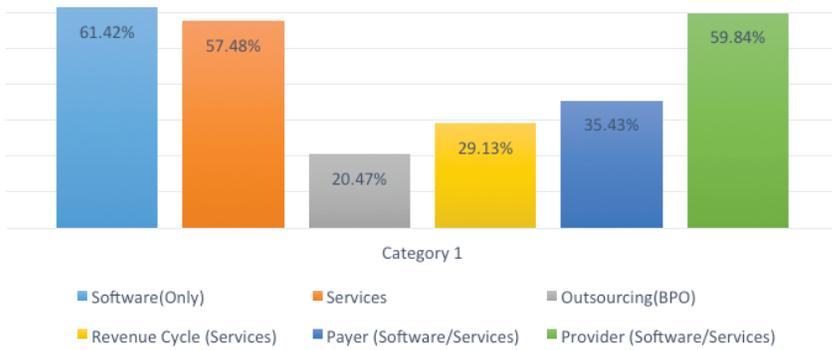
Stock options or RSU’s were evenly divided between those who received an equity grant and those that did not. Equity fell out of favor in the financial meltdown of 2008 but has gained steam in the past few years as companies continue to seek ways to grow tenure and lock up their top producers with long term incentive plans that are equity based. Candidates stopped asking about options during the 2008-2012 era but suddenly they are back in favor and are preferred by most candidates today.

WHAT IS YOUR HIGHEST LEVEL OF EDUCATION?



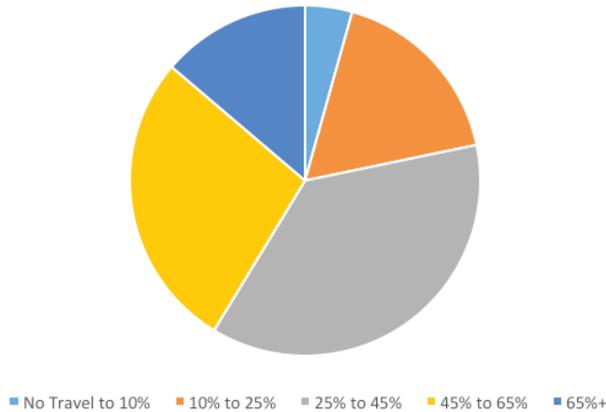
There were no big surprises on the education level of those surveyed. Nearly 60% have a Bachelor’s Degree while over 35% have their Masters Degree. A very small percentage either have an Associates Degree or no degree at all. There doesn't seem to be any salary lift that sales or sales management executives get for having an advanced degree based on all of the hiring we’ve done. Companies prefer to tie salary and total compensation to prior success metrics and proven sales performance.

**DO YOU SPECIALIZE IN ANY OF THE FOLLOWING?
(Select all that apply)**



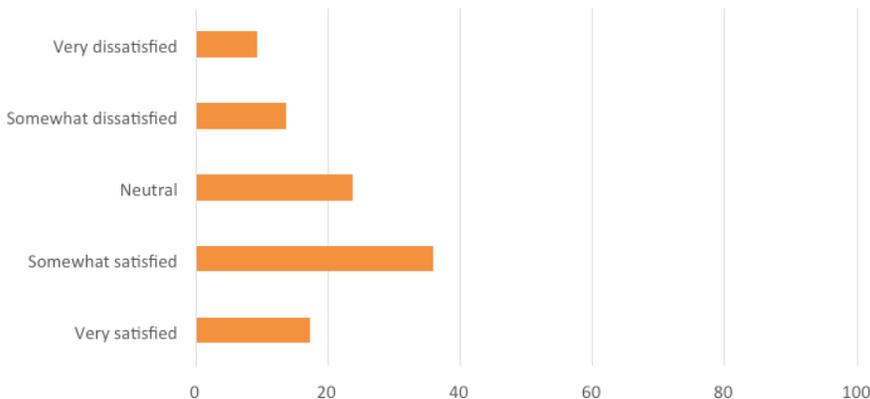
Since our firm specializes in HCIT, we place sales (plus executive, marketing and technical) talent across the payer and provider markets in a variety of roles. We asked our survey participants to choose all categories that applied to them. Not surprising, this group of respondents sells multiple products and services. Almost 2/3 focused on the provider market while the other 1/3 is payer focused. The supply of provider sales talent far outweighs the number of people selling into the payer space.

WHAT IS YOUR AVERAGE TRAVEL?



Road warriors outpaced the others in the amount of time spent on the road. Over 40% travel 45% to 60% of the time. That's not surprising given the size of the territories, the complexity of relationship selling and the need to meet and greet. 38% travel 25% to 45% while 17% of those surveyed spend 10% to 25% on the road. A small group representing 4% of those surveyed don't travel at all.

HOW SATISFIED ARE YOU TODAY IN YOUR CURRENT POSITION?



Overall satisfaction in their current position had some interesting results. Over 9% are very dissatisfied with their current role. Here's the shocker: over 38% were either somewhat dissatisfied or neutral in their response. That's a big number! Almost 36% are satisfied with their job while less than 17% are very satisfied at work. Employers should take note of these numbers and develop retention strategies to keep their sales eagles from leaving the nest.