Threshold

Compensation Survey 2022: Results

CONFIDENTIAL: DO NOT DISTRIBUTE

Table of Contents

About our Survey

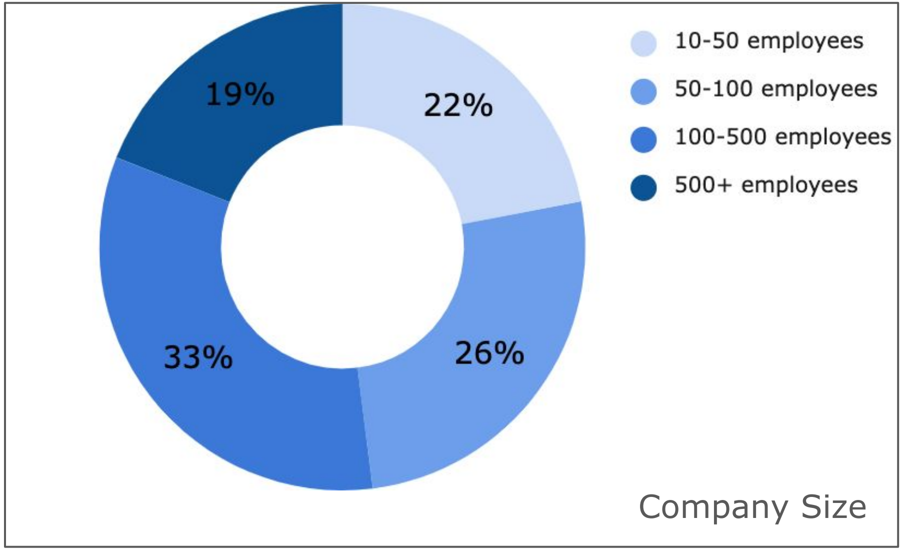
The last 2+ years have sparked new, unprecedented questions and considerations for all of our portfolio companies. These questions are qualitative rather than purely quantitative, and constantly evolving alongside COVID19 and market conditions. They are not questions that can be answered by the standard compensation resources we all rely on for benchmarks and ballpark estimates.

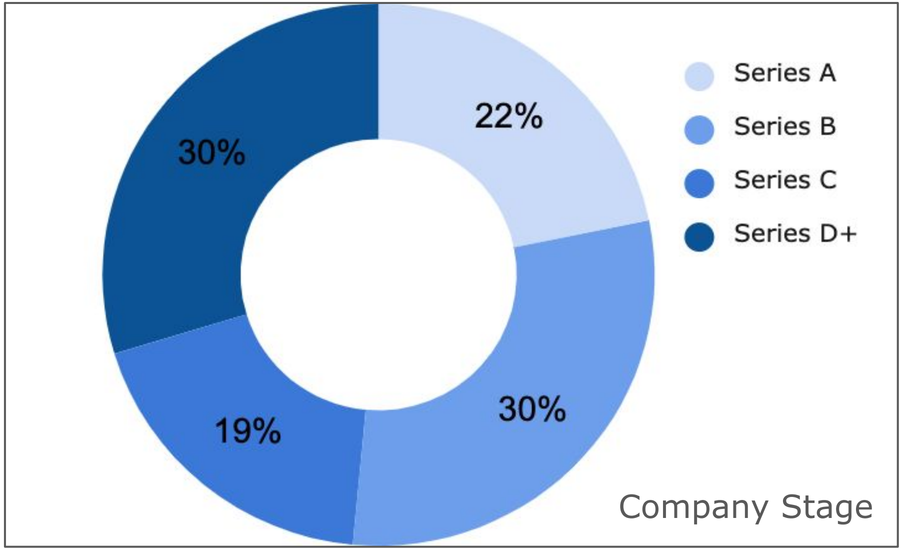
To provide our companies with real-time, relevant answers, we asked questions and collected data from the 100+ start-ups in the DFJ Growth & Threshold portfolios. This report is based on the survey responses we received, and consists of observations based on this limited sample set. We hope to increase and build our sample size for future surveys - but for now, please consider this data as anecdotal information rather than scientific facts or recommendations.

We are all working to understand and adapt to the “new normal” and these insights are just one piece of that process. We do hope they are helpful (or even just thought-provoking) as we look ahead to 2023!

**All data appearing in this report is anonymized*

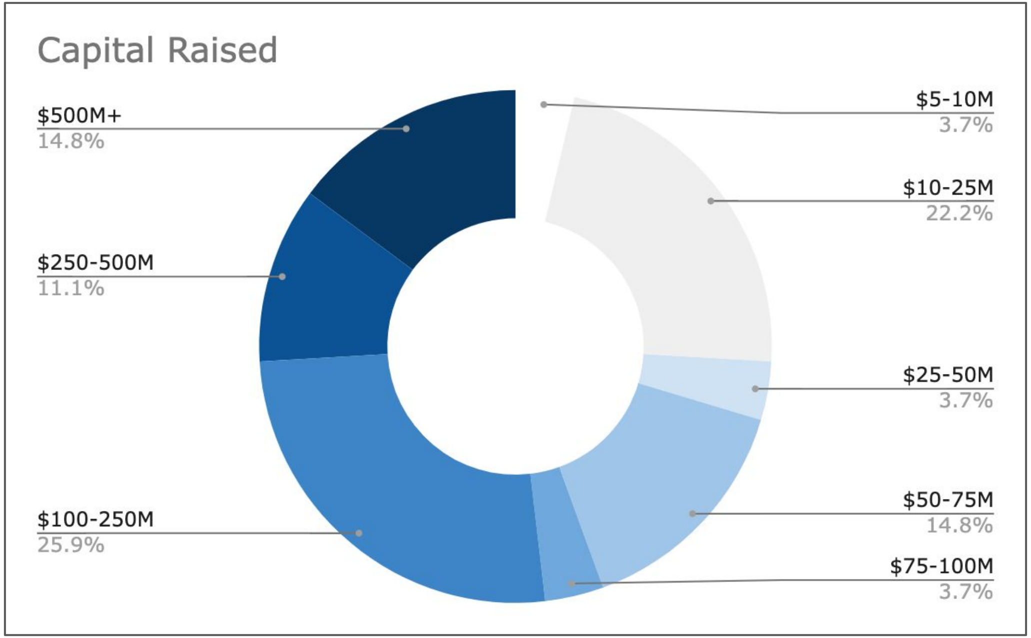
Who did we survey?





Our respondents were well distributed across company size & stage.

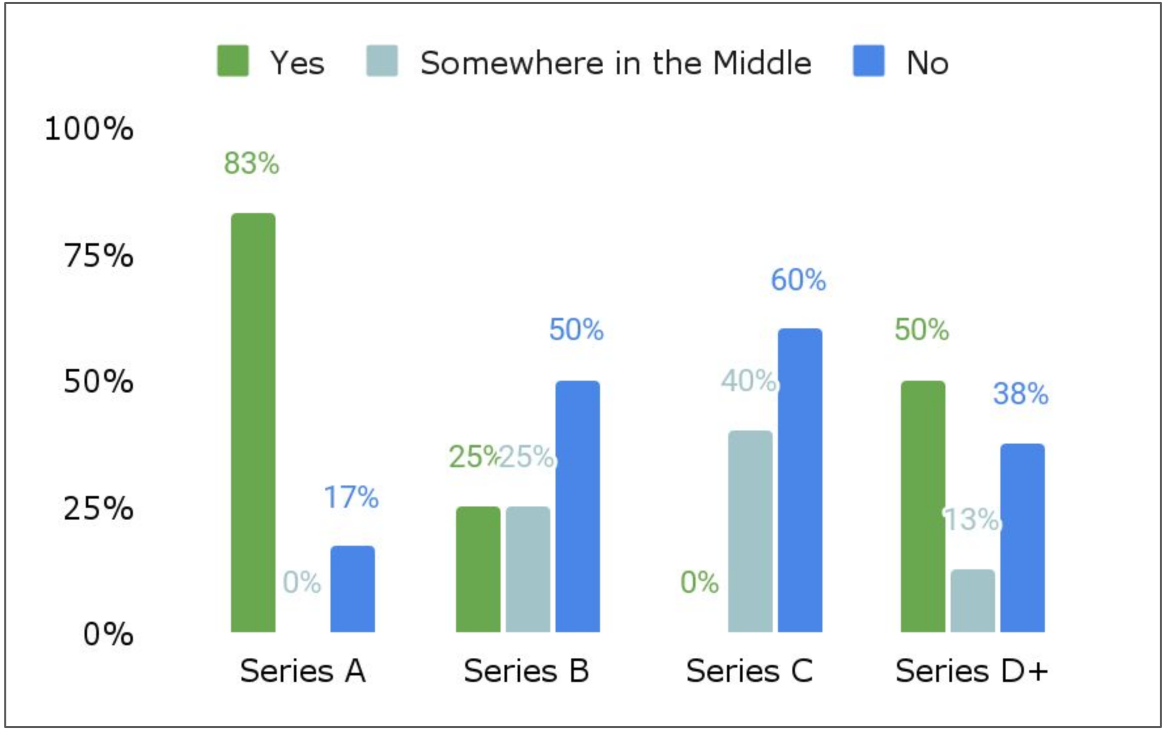
Who did we survey? (cont.)



A majority of respondents have raised either $10-25M or $100-250M.

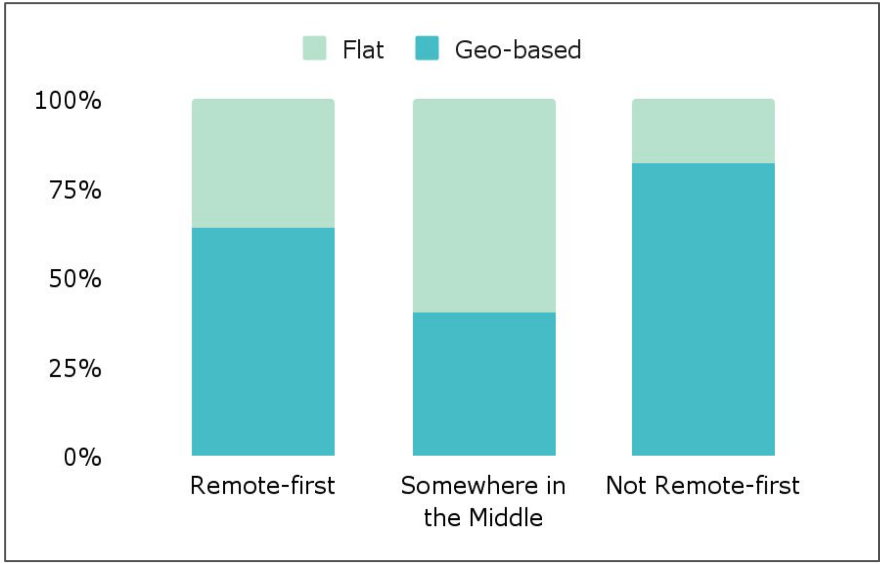
CONFIDENTIAL: DO NOT DISTRIBUTE

Who identifies as remote-first?



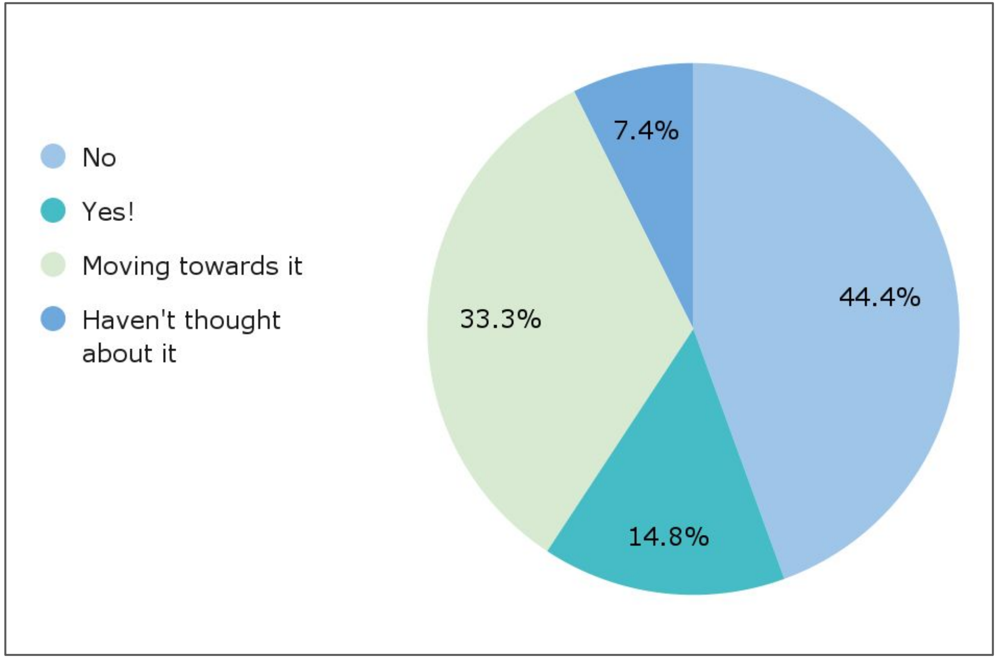
A strong majority of Series A companies are remote-first; the rest are decidedly mixed.

Are we seeing a movement away from geo-based pay?



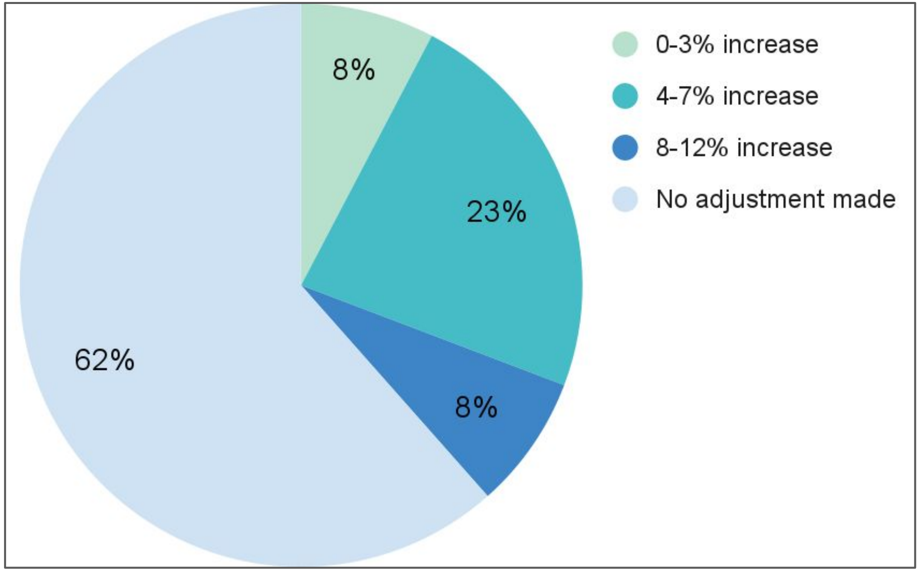
- We expected to see more companies (particularly remote-first ones) paying flat - but the majority have maintained some form of geo-based pay.
- Many companies have simplified their geo-based model down to one or two regions (i.e. San Francisco/NYC + everyone else) with a differential of +/- 10-20%.

Is comp transparency becoming more common practice?



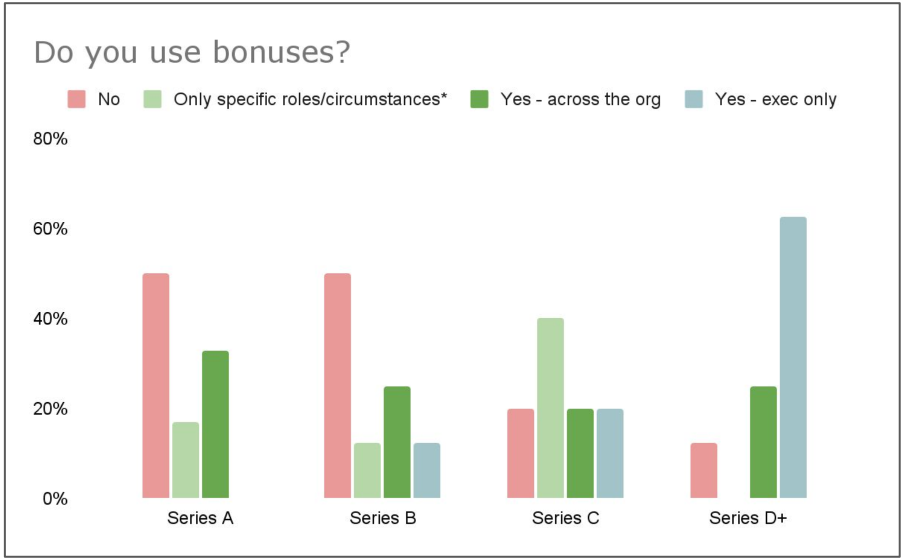
Over half of companies do not practice compensation transparency as part of their culture.

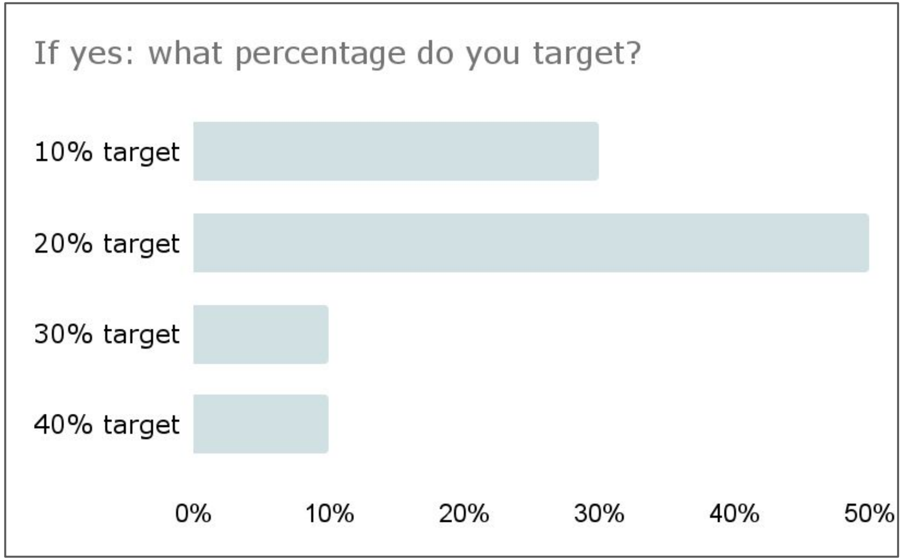
Who made cost of living adjustments in 2022?



- Despite increased inflation, most companies did not make substantial COL adjustments this year. However, some companies noted that their merit increase budget is “larger during high inflation/competitive market years” even if broader comp remains unchanged.
- On this note: 81% of companies employ merit increases across both execs and non-execs. These merit increases typically land between 3.5-5% across the board.

Who is employing bonuses and how?



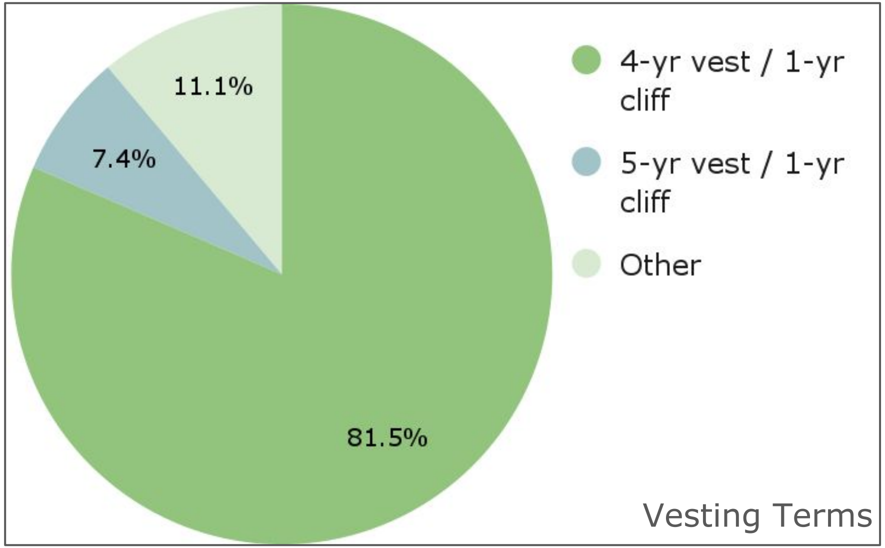


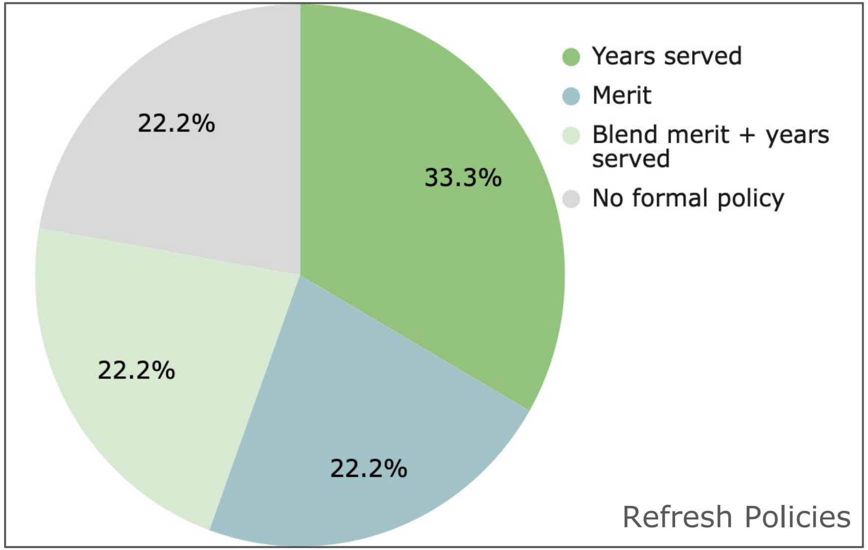
*"specific roles" often translates to the go-to-market teams or top talent.

- Companies vary in their use of annual bonuses. Most Series A companies do not use them - while the majority of Series D+ companies only use them only at the executive level.
- Those that use bonuses typically target 20% of base salary.

CONFIDENTIAL: DO NOT DISTRIBUTE

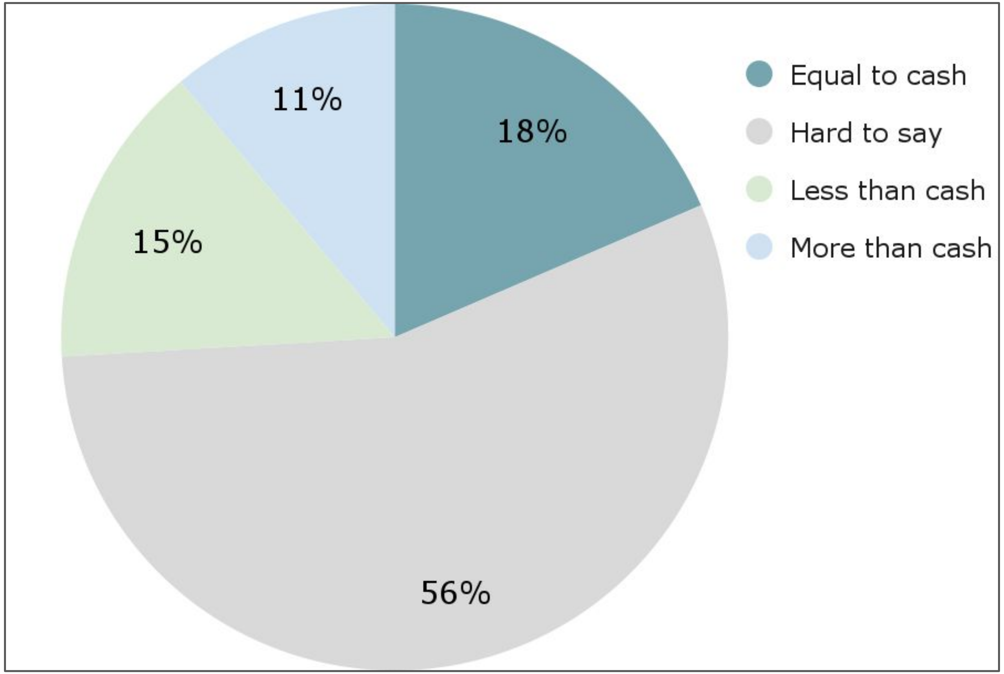
What vesting terms & refresh policies are most common?





- 4-yr vest / 1-yr cliff remains the most popular vesting schedule by a significant margin.
- Examples of “other” vesting strategies include a 7-yr vest, or a 4-yr vest with no cliff.
- Many refresh policies blend time served, performance, market, and other factors - but the most common determinant remains years served at the company by an employee.

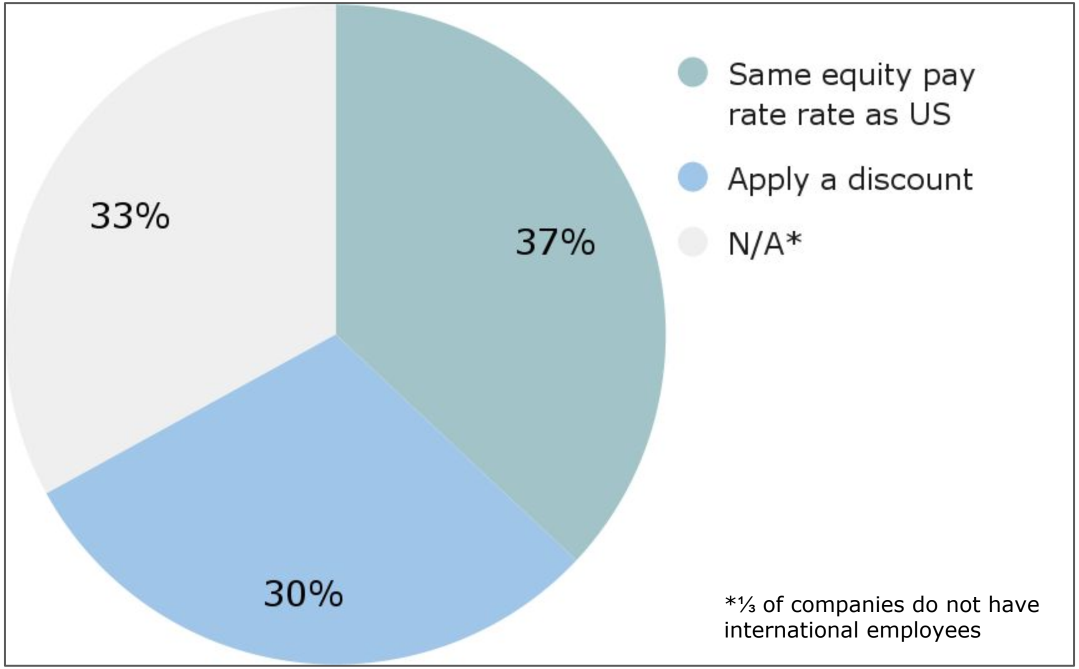
How are employees valuing equity?



Companies are split on how their employees value equity - most find it hard to say.

CONFIDENTIAL: DO NOT DISTRIBUTE

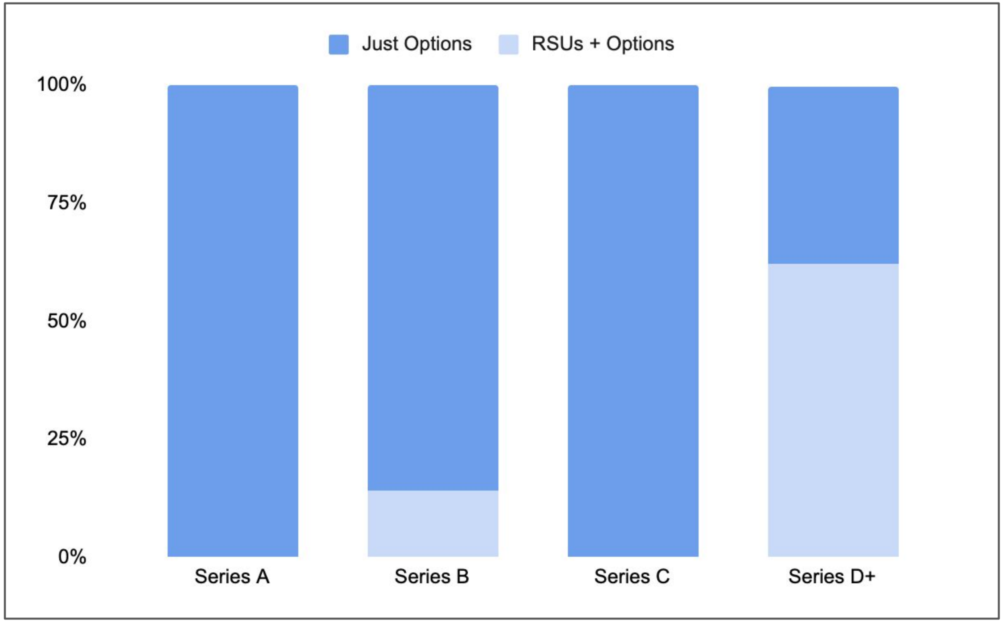
How do companies approach equity for international employees?



Companies with international employees are split on how they grant those employees equity. Anecdotally, some find that employees overseas put less emphasis on equity.

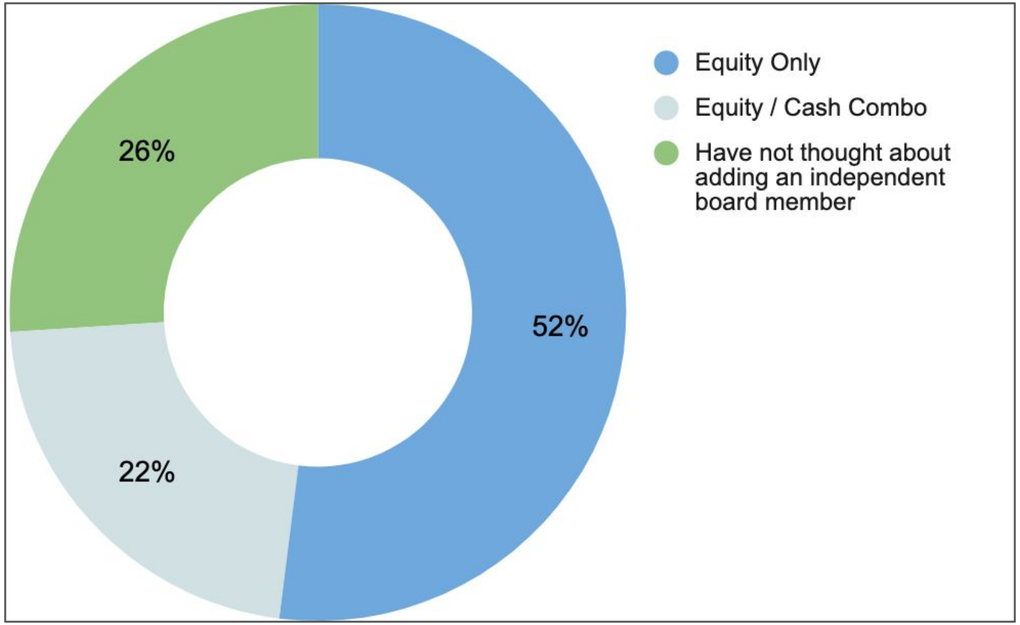
CONFIDENTIAL: DO NOT DISTRIBUTE

At what stage do companies transition to offering RSUs?



With the exception of one outlier Series B company, only Series D+ companies offer RSUs. Later stage companies tend to continue offering options to execs and use RSUs for the broader employee base.

How are independent board members getting paid?



Most companies with independent board members are still paying solely with equity - but we are seeing a cash/equity mix become more common.

CONFIDENTIAL: DO NOT DISTRIBUTE

Sales Comp: some quick stats

- The most common sales comp structure is the “standard” 50% base / 50% variable. Other comp plans included 60/40 or 70/30, but these are far less common.
- AE pay is typically based on quarterly quotas; for SDRs it is either quarterly or monthly.
- Accelerators are common practice after reaching 100% quota - often up to 2.5x.
- Additional merit/performance bonuses are based on drivers such as new logos, quarterly attainment, and multi-year deals.
- Most quotas are based on territory, vertical, and/or business unit.
- 50% of Series A/B companies have no formal sales comp plan in place, compared to 100% of Series C/D companies.

Additional Tidbits

A majority of our companies pay between the 50-75th percentile in cash. Anecdotally, many index for 50% on cash; 75% on equity. Some also aim for 50-60th on non-tech roles, versus 75-85th on tech/engineering roles.

Most companies have seen no major change in their target percentiles over the past two years; several saw their equity percentile decrease while their cash percentile increased.

9/10 of companies did not make any comp adjustments for employees or executives who relocated during COVID19.

For a majority of respondents, regardless of stage, the option pool represents 5 - 15% of the company’s total fully diluted shares.

Threshold

Thanks for reading! Please reach out to Tess (tess@threshold.vc) and Jen (jen@threshold.vc) with questions/comments/suggestions for future surveys.