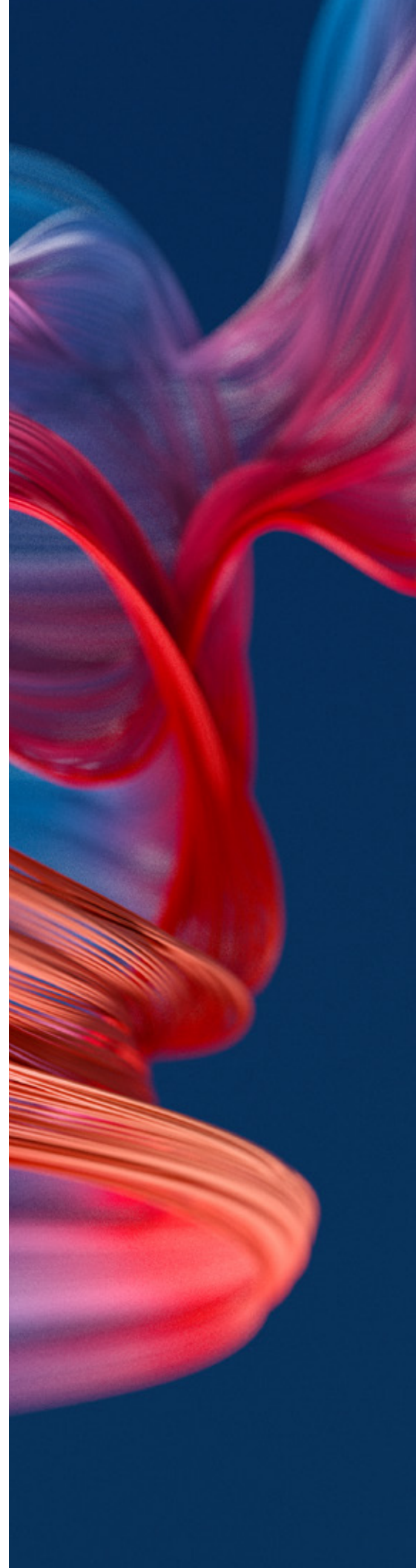


2020 Spencer Stuart Information Technology Sector Snapshot

Boards of information technology sector companies in the S&P 500 — a universe of 70 companies — tend to be smaller, younger, less tenured and less diverse than S&P 500 boards. The sector appears to be taking steps to enhance the gender diversity of its boardroom.

- » The average age of independent directors on information technology boards is 62.2, slightly younger than the S&P 500 average of 63.0.
- » The youngest average age of an IT board is 53.2 years and the oldest is 71.5.
- » IT boards average 9.8 members, roughly one fewer director per board than the 10.7 director average for S&P 500 company boards and the smallest of all S&P 500 primary sectors.
- » Independent directors represent 85% of all directors on information technology company boards, identical to the 85% average for the S&P 500 universe.
- » The average tenure of independent directors on IT boards is 7.5 years, lower than the S&P 500 average of 7.9 years.
- » The longest-tenured IT board is 19.3 years.

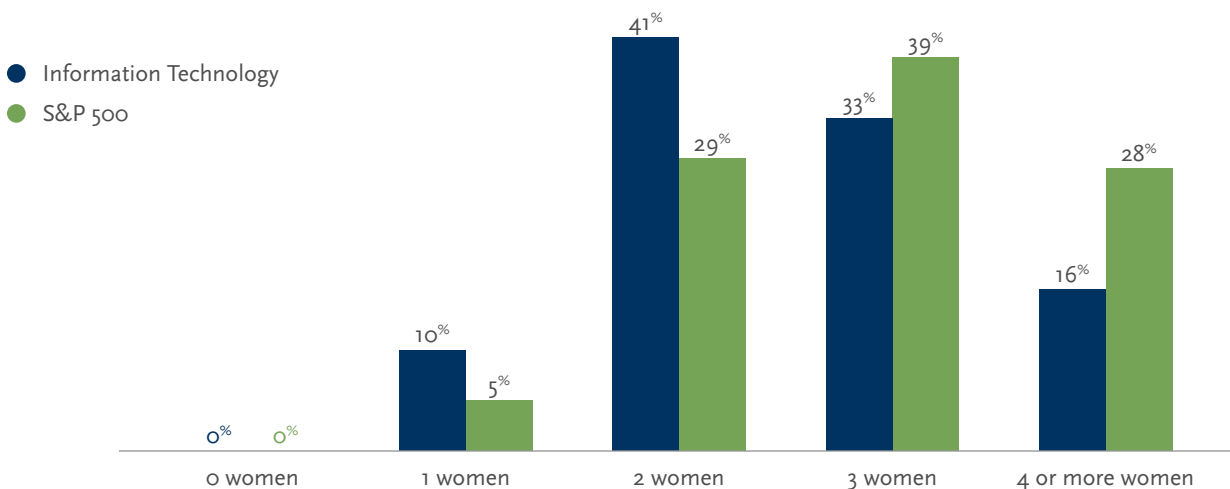


Diversity

Gender diversity of IT boards lags the S&P 500 universe, with women representing 26% of all information technology board members in 2020, compared to 28% of S&P 500 directors.

Every S&P 500 company has at least one female director. Ninety-five percent (95%) of the S&P 500 index have at least two female directors, and two-thirds (67%) of S&P 500 companies have three or more female directors. In contrast, 90% of the companies in the IT sector have at least two female directors, and less than half (49%) have three or more women. Thirteen S&P 500 boards are composed of at least 50% women; one IT board is 50% female.

Representation of Women Directors on Information Technology Boards



When it comes to race/ethnic diversity of the boardroom, 24% of directors of 24 IT companies in the top 200 companies are minorities (defined as Black/African American, Hispanic/Latinx and Asian), higher than the 20% average for the S&P 500 index and the third highest of all S&P sectors. The diversity breakdown of IT sector boards significantly varies from the S&P 500: 7% Black/African American (compared to 10% of S&P 500 directors); 3% Hispanic/Latinx (compared to 4% S&P 500); and 14% Asian (compared to 5% S&P 500). According to the U.S. Census Bureau, about 40% of the U.S. population is estimated to be a minority, including 18.5% Hispanic/Latinx, 13.4% Black/African American, 5.9% Asian.

New independent director backgrounds

Forty IT companies — 56% of the surveyed group — added at least one director over the past year. Appointees averaged 56.7 years of age, lower than the 57.8 average for all independent directors joining S&P 500 boards. First-time directors represented 28% of directors joining IT sector boards — consistent with the 28% overall average for the S&P 500.

Technology companies appear to be prioritizing diversity with their director appointments, appointing in 2020 the highest percentage of diverse directors of all primary sectors in the S&P 500. Sixty-six percent (66%) of the 67 directors joining IT boards over the past year are diverse; 52% are women; 14% are minority men — both the second highest percentage of all primary sectors in the S&P 500. In comparison, 59% of directors joining the S&P 500 index are diverse, including 47% women and 12% minority men.

The class joining IT boards in 2020 is split evenly between active and retired executives, compared to 49% of all independent directors joining the S&P 500. Most (87%) are current or former CEOs (27%); finance professionals, including CFOs/treasurers/investors/bankers (36%); and functional unit heads (24%).

	2020 Information Technology	2020 S&P 500
CEOs	27%	29%
<i>Active</i>	12%	13%
<i>Retired</i>	15%	16%
Chairs/presidents/COOs	4%	6%
<i>Active</i>	3%	3%
<i>Retired</i>	1%	3%
Line and functional leaders	24%	16%
Division/subsidiary presidents	4%	7%
Finance/accounting executives	36%	27%
<i>Financial executives/CFOs/treasurers</i>	24%	14%
<i>Investment managers/investors</i>	9%	8%
<i>Bankers/investment bankers</i>	3%	4%
<i>Public accounting executives</i>	0%	1%
Academics/nonprofit executives	1%	3%
Consultants	1%	3%
Legal	0%	2%
<i>General counsel</i>	0%	2%
<i>Lawyers</i>	0%	0%
Others	1%	7%
<i>Government/military</i>	1%	5%
<i>Others</i>	0%	2%

Board leadership

Just under three-quarters (73%) of IT companies in the S&P 500 index separate the chair and CEO roles — the highest percentage of all sectors in the S&P 500 index and significantly higher than the 55% average for the S&P 500 index. Independent chairs are in place at 46% of IT companies, significantly higher than the S&P 500 index (34%) and the highest of all S&P 500 primary sectors. Sixty-four percent (64%) of all IT companies have an independent lead or presiding director, significantly lower than the 73% average of the S&P 500 and the lowest of all S&P 500 primary sectors.

Board organization and process

As detailed below, the IT sector's governance processes and structures closely mirror those of the S&P 500 index. One difference is the prevalence of mandatory retirement policies. While 70% of S&P 500 boards have adopted mandatory retirement policies, only 56% of IT sector companies have adopted age limits for directors.

	2020 Information Technology	2020 S&P 500
Classified board	10%	10%
Board meetings (avg #)	8.1	7.9
Board committees (avg #)	3.7	4.2
Audit committee		
<i>Size (avg #)</i>	4.1	4.4
<i>Meetings (avg #)</i>	8.6	8.2
Compensation committee		
<i>Size (avg #)</i>	3.9	4.3
<i>Meetings (avg #)</i>	6.9	5.9
Nominating/governance committee		
<i>Size (avg #)</i>	3.9	4.4
<i>Meetings (avg #)</i>	4.4	4.5
Mandatory retirement	56%	70%
Retirement age (avg)	73.5	73.6

Information technology sector companies

Accenture	Fiserv	NortonLifeLock
Adobe Systems	FleetCor Technologies	Nvidia Corporation
Advanced Micro Devices	FLIR Systems	Oracle Corporation
Akamai Technologies	Fortinet	Paychex
Alliance Data Systems Corporation	Gartner	Paycom Software
Amphenol Corporation	Global Payments	PayPal Holdings
Analog Devices	Hewlett Packard Enterprise Company	Qorvo
Ansys	Intel Corporation	QUALCOMM
Apple	International Business Machines Corporation	salesforce.com
Applied Materials	Intuit	Seagate Technology plc
Arista Networks	IPG Photonics Corporation	ServiceNow
Autodesk	Jack Henry & Associates	Skyworks Solutions
Automatic Data Processing	Juniper Networks	Synopsys
Broadcom	Keysight Technologies	TE Connectivity
Broadridge Financial Solutions	KLA-Tencor Corporation	Texas Instruments
Cadence Design Systems	Lam Research Corporation	The Western Union Company
CDW Corporation	Leidos Holdings	VeriSign
Cisco Systems	Mastercard	Visa
Citrix Systems	Maxim Integrated Products	Western Digital Corporation
Cognizant Technology Solutions Corporation	Microchip Technology	Xerox Corporation
Corning	Micron Technology	Xilinx
DXC Technology Company	Microsoft Corporation	Zebra Technologies Corporation
F5 Networks	Motorola Solutions	
Fidelity National Information Services	NetApp	

ABOUT SPENCER STUART

At Spencer Stuart, we know how much leadership matters. We are trusted by organizations around the world to help them make the senior-level leadership decisions that have a lasting impact on their enterprises. Through our executive search, board and leadership advisory services, we help build and enhance high-performing teams for select clients ranging from major multinationals to emerging companies to nonprofit institutions.

Privately held since 1956, we focus on delivering knowledge, insight and results through the collaborative efforts of a team of experts — now spanning more than 70 offices, over 30 countries and more than 50 practice specialties. Boards and leaders consistently turn to Spencer Stuart to help address their evolving leadership needs in areas such as senior-level executive search, board recruitment, board effectiveness, succession planning, in-depth senior management assessment, employee engagement and many other facets of culture and organizational effectiveness. For more information on Spencer Stuart, please visit www.spencerstuart.com.

Social Media @ Spencer Stuart

Stay up to date on the trends and topics that are relevant to your business and career.

    @Spencer Stuart

© 2020 Spencer Stuart. All rights reserved.
For information about copying, distributing and displaying this work,
contact: permissions@spencerstuart.com.

