

2022 Spencer Stuart Information Technology Sector Snapshot

Boards of information technology (IT) sector companies in the S&P 500 — which number 74 — tend to be smaller and higher paid than other sectors.

- » IT boards average **10.1** members, fewer than the 10.8 director average for S&P 500 company boards and the smallest of all S&P 500 primary sectors.
- » The average age of independent directors on IT boards is **62.6**, slightly younger than the S&P 500 average of 63.1. The average age of the oldest board in this sector is 74.2, the highest of the S&P 500 primary sectors.
- » Independent directors represent **86%** of all directors on IT company boards — identical to the overall S&P 500 figure.
- » While 70% of S&P 500 boards have adopted mandatory retirement policies, only **54%** of IT companies have age limits for directors — a big drop from last year's proportion of 76%.
- » IT board members have an average tenure of **7.8** years, matching the S&P 500 average. The maximum average tenure of IT boards is 17 years.
- » These boards' average compensation is **\$338,372**, higher than the \$316,091 average for S&P 500 boards overall.¹

¹ This is average compensation excluding chair pay. The average compensation including chair pay is \$344,792 for IT firms, and \$322,015 for S&P 500 firms overall.

Diversity

The diversity of IT boards is generally aligned with the S&P 500 universe, with directors from historically underrepresented groups (defined as individuals who self-identify in one or more of the following categories: women, underrepresented racial or ethnic groups or the LGBTQ+ community) constituting 47% of directors on IT boards, compared with 46% of S&P 500 boards.

Women represent 31% of all IT board members in 2022, compared with 32% of S&P 500 directors overall.

Directors from underrepresented racial or ethnic groups (defined as Black or African American, Asian, Hispanic or Latino/a, American Indian or Alaska Native, Native Hawaiian or Pacific Islander, or two or more races) constitute 24% of IT board directors.

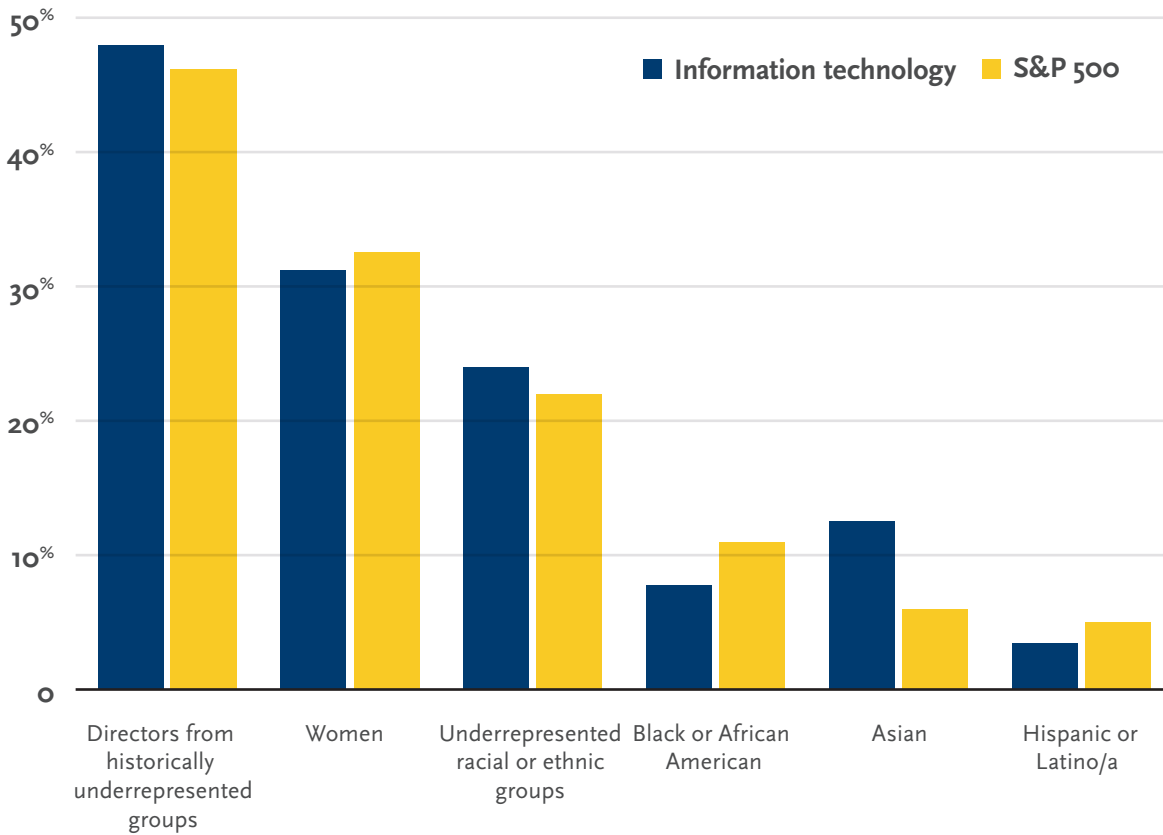
IT boards have the highest percentage of Asian directors (12%) compared with 6% of the S&P 500. The IT sector has the lowest percentage of Black or African American directors (8%) and matches the healthcare and energy sectors in having the lowest percentage of Hispanic or Latino/a directors (3%).

Three percent of IT boards have no Black or African American, Hispanic or Latino/a or Asian directors, in contrast with 1% of S&P 500 boards. Nearly the entire S&P 500 index has at least two women directors (98%) and 81% have three or more women directors; in IT, 95% have at least two women directors and 76% of boards have three or more.

Both the IT sector and the S&P 500 index largely fall short of reflecting U.S. demographics. According to the U.S. Census Bureau, 51% of the U.S. population are women and 42% identify as Hispanic or Latino/a (18.5%), Black or African American (13.4%), American Indian or Alaska Native (1.3%) or multiracial (2.8%). However, 12% of the IT sector's directors identify as Asian, which is a bigger proportion than the U.S. population (5.9%).

Over half (51%) of IT companies disclose director-specific race or ethnicity details, compared with 31% in 2021 and 39% of all S&P 500 companies. Nearly half (49%) have a commitment to adopt a Rooney-Rule-like policy, which requires boards to include individuals from underrepresented groups in the candidate pool when recruiting new directors. This is just shy of the 50% total of S&P 500 companies overall and higher than last year's proportion of 32%.

DIVERSITY OF INFORMATION TECHNOLOGY BOARDS



43%

of new directors in the IT sector are women

New independent director backgrounds

A total of 395 new independent directors joined S&P 500 boards in the past year — down from 456 in 2021. The IT sector represents 15% of S&P 500 companies overall and accounts for 67 of these directors, or 17% of the total.

These new independent directors had an average age of 57.1 years, slightly younger than the overall average of 57.3 years. Thirty-seven percent joined as first-time public company directors, higher than the overall S&P 500 proportion of 34%.

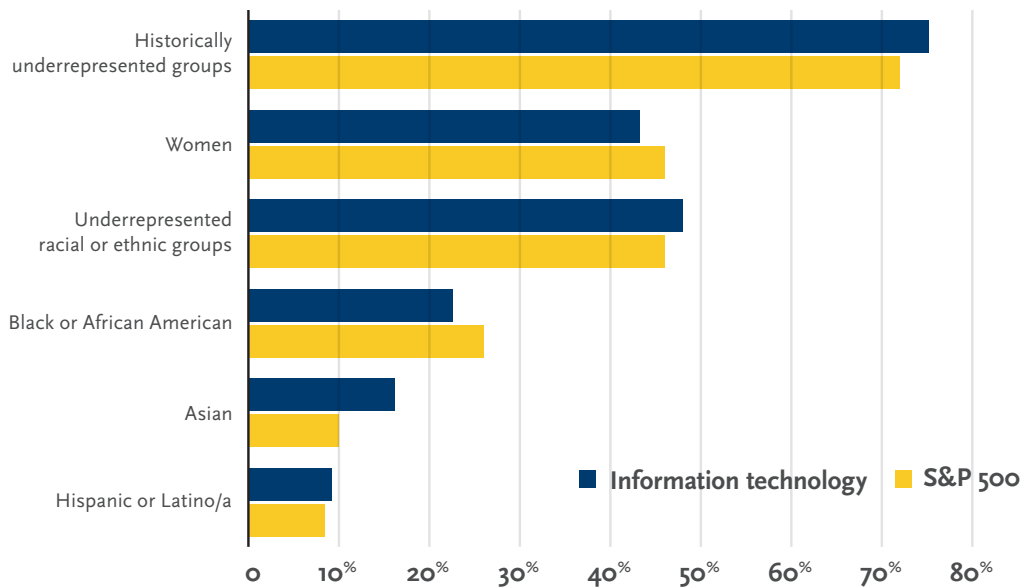
A super majority of new IT directors are from historically underrepresented groups (75%), higher than the S&P 500 total of 72%. IT companies recruited a higher-than-average number of new directors from Asian and Hispanic or Latino/a backgrounds (16% and 9%, respectively, compared with the S&P 500 proportions of 10% and 8%). However, 22% are Black or African American — lower than the overall S&P 500 proportion of 26%.

Most new directors in the IT sector are men and 43% are women, just below the overall S&P 500 proportion of 46%.

Of this incoming class, 18% are next-gen directors (aged 50 and younger), equal to the overall S&P 500 index proportion. Only 39% of new directors are retirees, compared with 44% of the S&P 500 overall.

In the IT sector, 61% of new directors were actively employed compared to 56% of independent directors joining S&P 500 boards. CEOs make up just 16% of new directors joining IT boards, lower than the S&P 500 total of 23% and the second lowest of all sectors. IT boards recruited the highest percentage of financial executives/CFOs/treasurers of all sectors (19%).

DIVERSITY OF NEW INDEPENDENT DIRECTORS JOINING INFORMATION TECHNOLOGY BOARDS



NEW INDEPENDENT DIRECTOR FUNCTIONAL BACKGROUNDS

	IT sector	S&P 500 overall
CEOs	16%	23%
<i>Active</i>	12%	12%
<i>Retired</i>	4%	11%
Chairs/presidents/COOs	3%	3%
<i>Active</i>	3%	2%
<i>Retired</i>	0%	1%
Line/functional leaders	24%	20%
Division/subsidiary leaders	13%	13%
Finance/accounting executives	30%	22%
<i>Financial executives/CFOs/treasurers</i>	19%	12%
<i>Investment managers/investors</i>	6%	6%
<i>Bankers/investment bankers</i>	3%	4%
<i>Public accounting executives</i>	1%	1%
Academics/nonprofit executives	4%	4%
Consultants	3%	2%
Legal	4%	5%
Others	1%	7%

Board leadership

Our research shows that 65% of IT companies separate the chair and CEO roles, higher than the overall S&P 500 average (57%). Over half (59%) of all IT companies have a lead director. This is lower than the S&P 500 average (68%) and ties with communication services as the lowest of any industry sector.

The IT sector is more likely than any other primary sector to have an independent chair, with 47% of companies appointing one, compared with 36% for the S&P 500 as a whole. Of the IT sector's independent chairs, 11% are women and 6% are from underrepresented racial or ethnic groups, compared with 14% and 9% for the S&P 500 overall.

Only 9% of IT boards appoint an executive chair, tying with healthcare and financial services as the lowest of all sectors. The overall S&P 500 proportion is 15%.

Board organization and process

IT boards meet more often than other boards and average 3.7 committees compared with the overall S&P 500 average of 4.2. This is the joint lowest of all S&P 500 primary sectors (Communication Services boards also average 3.7 committees). After audit, compensation and nominating/governance committees, the most prevalent IT board committees are technology (18% of IT boards) and executive (16% of IT boards).

Overall 14.9% of IT companies have staggered, three-year terms for directors — the second-highest percentage of all primary sectors. In contrast, 11.2% of S&P 500 companies have classified boards. While 70% of S&P 500 boards have adopted mandatory retirement policies, just 54% of IT boards have adopted age limits for directors.

BOARD ORGANIZATION AND PROCESS

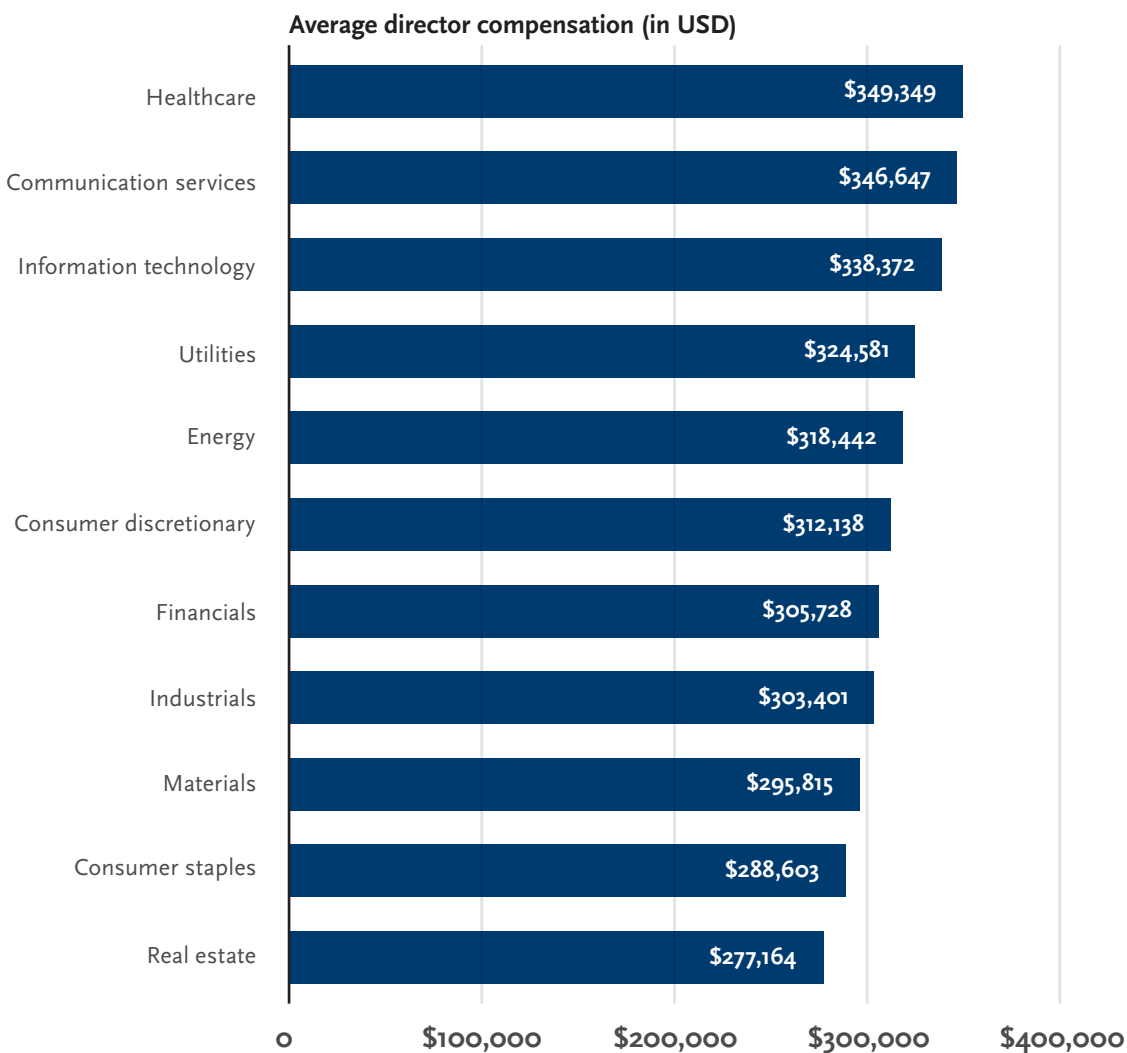
	2022 IT	2022 S&P 500
Classified board	14.9%	11.2%
Board meetings (avg #)	7.7	8.3
Board committees (avg #)	3.7	4.2
Audit committee		
<i>Size (avg #)</i>	4.1	4.4
<i>Meetings (avg #)</i>	8.4	8.2
Compensation committee		
<i>Size (avg #)</i>	3.9	4.3
<i>Meetings (avg #)</i>	6.5	6
Nominating/governance committee		
<i>Size (avg #)</i>	4.1	4.5
<i>Meetings (avg #)</i>	5.2	4.7
Mandatory retirement	54%	70%
Retirement age (avg)	73.9	73.8

Compensation

The average compensation of directors on IT boards is \$338,372, higher than the \$316,091 average for S&P 500 boards and the third-highest sector overall.²

Compared with the S&P 500 average of 56%, directors on IT boards receive a higher percentage of compensation as stock grants (65% — the highest of any sector). A lower-than-average percentage is paid in cash (32% vs 37%). Just 2% of their compensation is paid as stock option grants, compared with 5% for the S&P 500 overall.

AVERAGE DIRECTOR COMPENSATION



² Excluding independent chair's fee. Average compensation including independent chair's fee for IT boards is \$344,792.

List of information technology sector companies

- » Accenture
- » Adobe
- » Advanced Micro Devices
- » Akamai Technologies
- » Amphenol Corporation
- » Analog Devices
- » Ansys
- » Apple
- » Applied Materials
- » Arista Networks
- » Autodesk
- » Automatic Data Processing
- » Broadcom
- » Broadridge Financial Solutions
- » Cadence Design Systems
- » CDW Corporation
- » Ceridian HCM Holding
- » Cisco Systems
- » Cognizant Technology Solutions Corporation
- » Corning
- » DXC Technology Company
- » Enphase Energy
- » EPAM Systems
- » F5
- » Fidelity National Information Services
- » Fiserv
- » FleetCor Technologies
- » Gartner
- » Global Payments
- » Hewlett Packard Enterprise Company
- » HP
- » Intel Corporation
- » International Business Machines Corporation
- » Intuit
- » IPG Photonics Corporation
- » Jack Henry & Associates
- » Juniper Networks
- » Keysight Technologies
- » KLA Corporation
- » Lam Research Corporation
- » Mastercard
- » Microchip Technology
- » Micron Technology
- » Microsoft Corporation
- » Monolithic Power Systems
- » Motorola Solutions
- » NetApp
- » NortonLifeLock
- » Nvidia Corporation
- » NXP Semiconductors
- » Oracle Corporation
- » Paychex
- » Paycom Software
- » PayPal Holdings
- » PTC
- » Qorvo
- » Qualcomm
- » Roper Technologies
- » salesforce.com
- » Seagate Technology plc
- » ServiceNow
- » Skyworks Solutions
- » SolarEdge Technologies
- » Synopsys
- » TE Connectivity
- » Teledyne Technologies
- » Teradyne
- » Texas Instruments
- » Trimble
- » Tyler Technologies
- » Verisign
- » Visa
- » Western Digital Corporation
- » Zebra Technologies Corporation

Editor's note

This data draws on the latest proxy statements from 489 companies filed between May 1, 2021 and April 30, 2022.

“Historically underrepresented groups” is defined to mean an individual who self-identifies in one or more of the following categories: i) women ii) underrepresented racial or ethnic groups iii) LGBTQ+ *when disclosed*.

- » “Underrepresented racial or ethnic groups” is defined to mean an individual who self-identifies as one or more of the following: Black or African American, Asian, Hispanic or Latino/a, American Indian or Alaska Native, Native Hawaiian or Pacific Islander or two or more races (multiracial).
- » The Asian category includes individuals of Indian descent, consistent with U.S. Census Bureau methodology.
- » LGBTQ+ is defined to mean an individual who self-identifies as any of the following: lesbian, gay, bisexual, transgender, or as a member of the queer community.

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Data in tables may not total 100% due to rounding.

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