

DIGITAL HEALTH: SALES COMPENSATION

The momentum that the Digital Health industry is experiencing is nothing short of incredible.

The Digital Health market is forecasted to grow 21% per year through 2020.ⁱ At that point, it will be a \$200B industry...and that's one of the more conservative estimates.

The rapid growth is due in part to the recent shift towards a more patient-centered experience. Value-based care is overtaking the fee-for-service approach to address high costs, inefficiencies, and to ensure people get the care they require.ⁱⁱ As a result, physicians are focusing more on quality over volume, biopharma companies are creating medications that provide better outcomes for patients, and technology companies are utilizing data to help save people's lives.

THE DIGITAL HEALTH SALESFORCE

With demand skyrocketing for Digital Health products, top companies are competing for the most talented commercial leaders.

A recent report by *Rock Health* describes how to separate the good from the great in Digital Health sales. Those who reign as sales leaders:

- Can explain exactly how their product differs from their competitors
- Ensure their teams prepare highly customized and well researched pitches
- Develop marketing materials that clearly articulate their storyⁱⁱⁱ

As you seek to attract these great candidates, aside from having a story that gets people excited, having a solid understanding of compensation ranges is crucial.

DIGITAL HEALTH INDUSTRY AT-A-GLANCE



HOT SEGMENT

Mobile, mobile, mobile

The mobile services segment (e.g. smartphone apps) is seeing the highest growth rate within the Digital Health market. Smartphones can now measure their owner's health data, like blood pressure and sleeping habits, and even advise when it's time to see the doctor. With such a powerful and personalized approach, it's no surprise that the mobile segment is experiencing an **annual growth rate of 40%**.



HOT SPOT

The United States

U.S. companies are leading the global Digital Health market. The two biggest factors contributing to its dominance are:

1. The rise in America's aging population suffering from medical issues
2. The introduction of HIPAA & HITECH regulations.



HOT CITIES

California, Illinois & New York

In 2017, *Rock Health* found that Digital Health investments were spread across 25 states throughout the U.S., with California accounting for a third of total dollars invested. The San Francisco Bay area continues to be America's Digital Health hub with 64 deals year-to-date. New York and Illinois joined California in the top tier of funding, with companies headquartered in each region raising over \$500M+, respectively. Meanwhile, Florida and Georgia joined Massachusetts in the second tier of funding (\$100-500M).

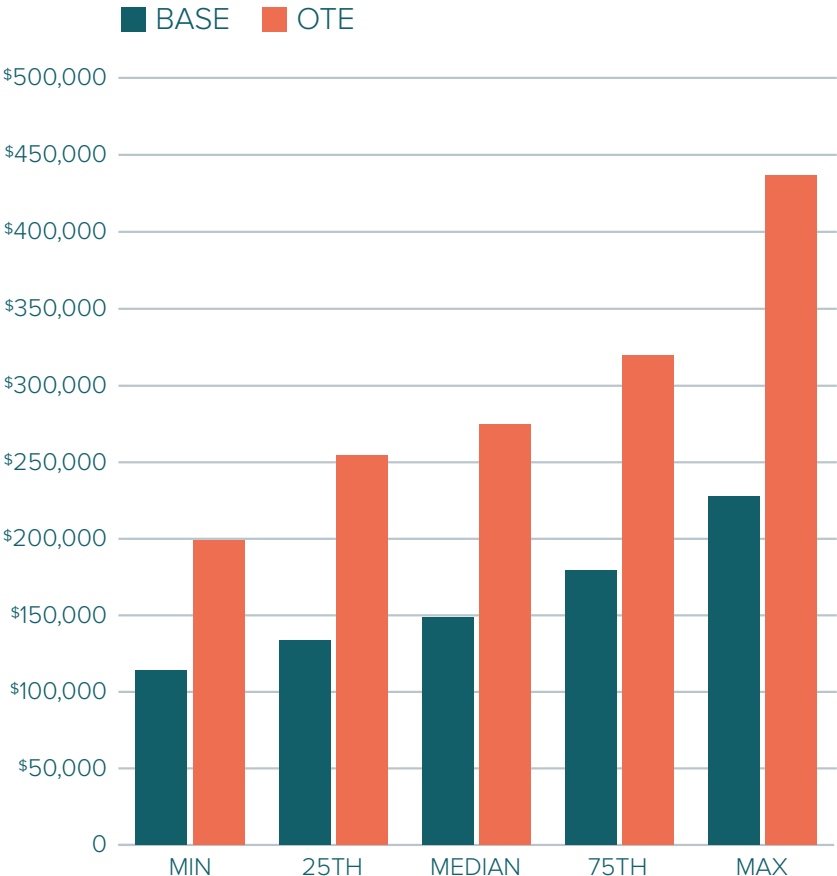
SALES LEADERSHIP & SALES COMPENSATION MARKET DATA

This report explores the compensation ranges for sales teams and sales leadership in Digital Health companies based on proprietary data from The Bowdoin Group. The base and OTE data utilized for this analysis covers a range of sales roles and titles filled across several sub-segments of the Digital Health industry. The data is for the U.S. only and explores regional differences.

DIGITAL HEALTH SALES LEADERSHIP COMPENSATION DATA HIGHLIGHTS

DIGITAL HEALTH SALES LEADERSHIP: BASE/OTE

Comparing the national averages for base and OTE compensation for sales leaders, base salaries tend to slope on a nice even keel, while OTE compensation rises more rapidly, reflecting the breadth of compensation packages for high performing sales leaders.



COMPENSATION RANGE: BASE/OTE SALES LEADERSHIP

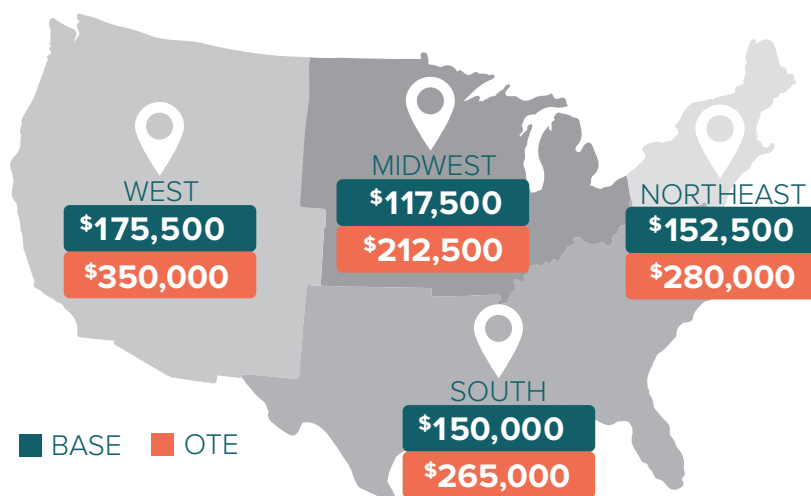
Analyzing and comparing the minimum and maximum figures for both base and OTE compensation illustrates that sales leadership can expect, in general, to double their base earnings with performance. Although this can vary along the curve, there is roughly a 2-1 ratio in the minimum and maximum, and slightly less through the mid-ranges (25th, median, 75th).

	MINIMUM	MAXIMUM
BASE	\$113,750	\$230,000
OTE	\$200,000	\$440,000

MEDIAN COMPENSATION BY REGION: BASE/OTE SALES LEADERSHIP

In the regional analysis of base compensation medians, it's interesting to note the wide disparity, very different than the sales team numbers above that show a closer alignment.

For sales leadership positions, the differences noted among regions is again wide, with the West coming in at the top of the country for OTE compensation.



ENTERPRISE DIGITAL HEALTH MEDIAN COMPENSATION: SALES LEADERSHIP

In line with expectations, the geographic differences seen from one part of the country to another continues to be broad, with a much greater gap than seen with sales teams. Roles, responsibilities, and competitive hiring in specific areas of the country impact sales leadership compensation as well.

\$57,500
GEOGRAPHIC
DIFFERENTIAL
IN BASE

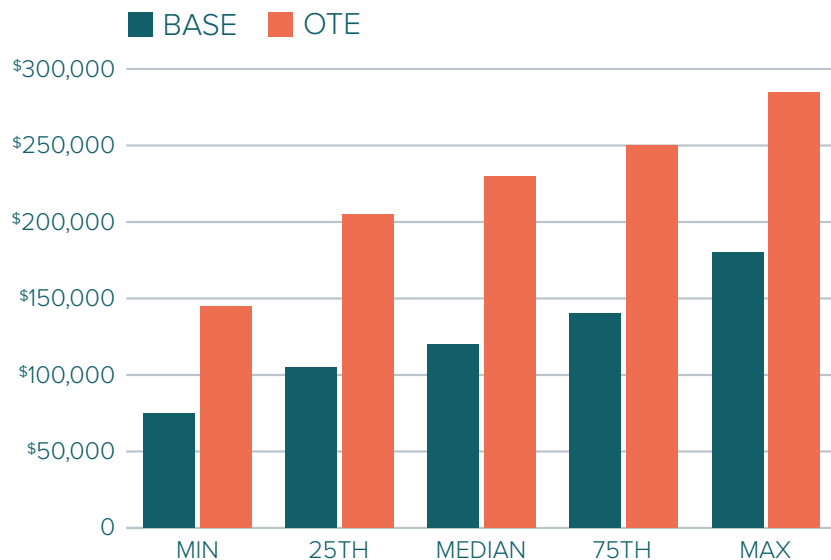
\$137,500
GEOGRAPHIC
DIFFERENTIAL
IN OTE

DIGITAL HEALTH

SALES TEAM COMPENSATION DATA HIGHLIGHTS

DIGITAL HEALTH SALES TEAMS: BASE/OTE

Rolling up all data on base and OTE compensation across the four major regions of the U.S. highlights the range firms can expect to fall within for sales professionals in the Digital Health segment, generally in mid-level, individual contributor roles. While the differences between minimum and maximum base salaries is fairly wide, the difference in OTE is even wider, pointing to the fact that incentives for performance are a key source of variability and can be expected given the breadth of offerings of companies in this space – from SaaS software to high level, high cost health security solutions.



BASE COMPENSATION RANGE BY REGION: SALES TEAMS

The minimum and maximum figures by geography for base compensation shows some obvious and expected data on base compensation – minimums are higher in specific regions. However, when analyzing the range, the West has almost two times the range of both the Northeast and the Midwest.

	MINIMUM	MAXIMUM
NORTHEAST	\$115,000	\$180,000
SOUTH	\$75,000	\$160,000
MIDWEST	\$85,000	\$150,000
WEST	\$80,000	\$200,000

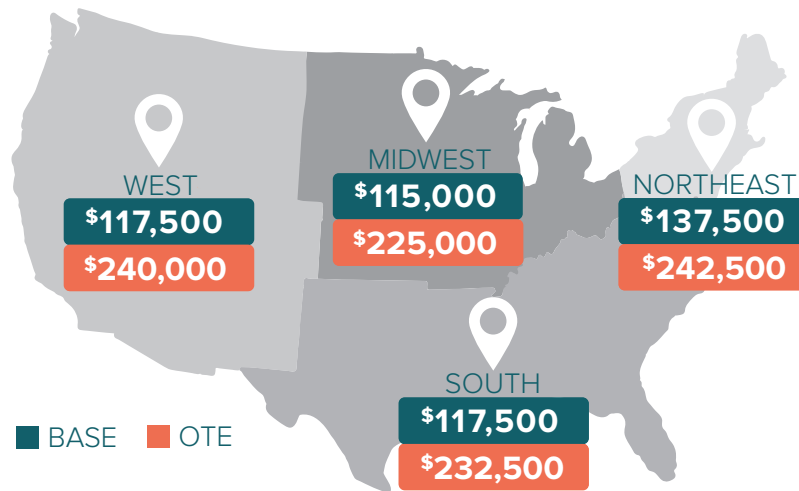
OTE COMPENSATION RANGE BY REGION: SALES TEAMS

Analyzing the minimum and maximum OTE compensation values, the findings are interesting. Maximum compensation values have a much wider range than the minimum values. The difference between the minimum OTE in Northeast vs. Midwest (highest and lowest) is \$60,000. This number climbs to a \$90,000 difference in the maximum, where the West emerges as the highest and the Northeast and Midwest are the lowest.

	MINIMUM	MAXIMUM
NORTHEAST	\$205,000	\$260,000
SOUTH	\$150,000	\$285,000
MIDWEST	\$145,000	\$260,000
WEST	\$160,000	\$350,000

MEDIAN COMPENSATION BY REGION: BASE/OTE SALES TEAMS

Segmenting the data into four geographic regions, the median base and OTE compensation aligns with expectations, with specific regions showing slightly higher numbers in general tied to cost of living, talent shortages, or competition from alternative industries. In markets such as Digital Health, unlike many other healthcare-related market segments, technology firms from alternative segments are recruiting from the same talent pool.



ENTERPRISE DIGITAL HEALTH MEDIAN COMPENSATION: SALES TEAMS

From the median data by geography, comparing the highest and lowest base and OTE numbers illustrates that there is not an enormous difference between base compensation. In fact, even the highest median is only 14% higher than the national median. The highest OTE median drops to only 6% higher than the national median.

\$22,500
GEOGRAPHIC
DIFFERENTIAL
IN BASE

\$17,500
GEOGRAPHIC
DIFFERENTIAL
IN OTE

Founded in 1994, **The Bowdoin Group** is an executive search firm that specializes in leadership and strategic roles for a wide range of companies, from small firms building out their executive team to large firms sourcing talent for rapid market expansion.

With deep expertise in BioPharma, Digital Health, FinTech and Financial Services, and Software, The Bowdoin Group is a leader in the Greater Boston area with capabilities to service companies globally. The firm's award-winning client satisfaction rating is among the highest in the industry.

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ⁱ <https://www.rolandberger.com/en/press/Digital-health-market-to-average-21-percent-growth-per-year-through-2020.html>

ⁱⁱ <https://news.aetna.com/2015/01/value-based-care-better-care-better-health-lower-costs/>

ⁱⁱⁱ <https://rockhealth.com/reports/streamlining-enterprise-sales-in-digital-health/>