2001 TECHNICAL SUPPORT SALARY SURVEY

PRODUCED BY SOFT•LETTER & THE ASSOCIATION OF SUPPORT PROFESSIONALS

The 2001 ASP Tech Support Salary Survey

Support salaries are often a remarkably sensitive indicator of the software industry's health. When times are tough, companies tend to freeze support costs and headcount, even though the result is usually high turnover among the most knowledgeable technicians. Thus, salaries for first-level support technicians rose by just $100 between 1994 and 1997, when hundreds of companies were struggling with shrinking margins and stagnant demand.

Over the past few years, however, support salaries have risen at a fairly dramatic rate. Between 1997 and 2000, pay for first-level technicians grew by 12.5%—perhaps a modest amount by executive compensation standards, but nevertheless equal to *39 times* the raise that support reps received during the 1994-1997 period. And for senior technicians and managers, the gains were sometimes even greater; for example, field support technicians saw their median pay rise by 12.5% just during the year 2000.

What do these gains tell us about the software industry? Part of the story, of course, is that labor markets in places like Silicon Valley and Boston are extraordinarily tight. But the counter-trend is that larger companies have moved thousands of support jobs to low-wage states, and often to outsourcers who pay significantly lower overall wages. Ultimately, these trends probably cancel each other out.

A more important reason for higher support pay, we suspect, is a quiet shift in the makeup of the software business itself. In recent years, we've seen a shakeout of smaller, retail-oriented developers and publishers—at the same time that there's been significant growth among companies that develop high-end professional tools, enterprise applications, and vertical market titles. Typically, these companies serve upscale customers who are willing to pay for support and professional services, and who expect better answers than "reinstall Windows and call back if you still have a problem." High-end software companies now play an increasingly important role in the software world, and they compete as much on service quality as they do on price or product features. If high-end companies represent the future of the software business—and to a large extent, we think they do—then it's almost certain that support salaries will continue to rise at least as fast as they have in recent years.

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To help identify benchmarks for support pay, Soft•letter and the Association of Support Professionals produce this annual support compensation survey. In addition to industry-wide compensation statistics (page 3), we offer a look at some of the variables—such as company size, number of support employees, application price, and geography—that have an impact on these general numbers.*

A key part of our survey methodology is a set of standardized job titles and capsule job descriptions that have remained constant for the six-year history of this survey. Here's how our questionnaire describes the categories we use, along with a few observations about this year's data:

★ **SENIOR SUPPORT EXECUTIVE (vice president or director level)**
"Coordinates activities and budgets of multiple support groups or sites. Meets regularly with senior corporate management and key customers."

More than two-thirds of the companies in this year's survey have a "senior support executive" who coordinates several support groups (or in some cases other operating groups) and is the company spokesperson for support and services. Overall pay for senior support executives (median $97,000) rose by 7.8% in 2000, which helped put 48% of the executives in this category over the $100,000 mark in annual pay. It's worth noting that a significant number of companies now treat support as a top-level reporting function: In 2000, 38% of senior support executives held vice-presidential titles, down slightly from 41% in 1999.

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* One caution: Statistical reliability suffers when there are too few responses in a breakout category. We've indicated the number of responses (the "count") in every segment as a rough guide to the accuracy of each data point.

2000 Support Salaries	Count	High	Low	Median
Senior Support Executive	147	**$120,000**	**$80,000**	**$97,000**
Vice president	48	$144,300	$90,000	$112,500
Director	77	$105,000	$80,000	$90,000
Department Manager	177	**$75,000**	**$50,000**	**$60,000**
Analyst/Project Manager	111	**$70,000**	**$45,000**	**$54,380**
Senior Support Technician	163	**$55,000**	**$38,000**	**$45,000**
Least skilled	82	$50,000	$35,000	$40,000
Most skilled	85	$65,000	$44,000	$50,000
Field Support Technician	72	**$61,250**	**$38,000**	**$45,000**
Least skilled	36	$46,500	$30,750	$37,750
Most skilled	36	$70,000	$43,750	$51,000
Support Technician	177	**$45,000**	**$30,750**	**$35,000**
Least skilled	99	$38,000	$26,000	$31,000
Most skilled	98	$50,000	$35,000	$40,000
Customer Service Rep	107	**$35,000**	**$25,000**	**$29,000**
Least skilled	50	$30,000	$20,000	$26,000
Most skilled	50	$42,500	$28,000	$35,500

Source: 2001 Soft•letter/ASP Tech Support Salary Survey. Note: "Count" is the number of responses in each salary category or sub-category. "High" salary is the median for the top 50% of all salaries in each category; "Low" salary is the median for the bottom 50%.

★ **DEPARTMENT MANAGER**
"Manages day-to-day activity of a single support center staff."

Most support organizations have at least one "inside" manager who oversees ongoing operations, including such tactical areas as productivity, recruiting, and customer satisfaction. Usually, support department managers supervise fairly small groups of technicians and many spend part of their time on the phone during periods of heavy call volume. Department managers saw fatter paychecks last year; median pay for the category rose 6.5% to $60,000. However, only 8% of department managers earned $100,000 or more last year.

★ **ANALYST/PROJECT MANAGER**
"Manages major business activity; usually has no direct reports."

In addition to department managers, many support organizations have specialists who manage such areas as performance analysis, staff scheduling, Web site implementation, and automation systems. Currently, analysts and project managers earn $54,380 in median pay. The category saw a 16.7% jump in pay in1999, but last year's gains were a fairly modest 3.6%.

★ **SENIOR SUPPORT TECHNICIAN**
"Answers escalated calls; may function as a group or team leader."

Most support organizations have developed career paths that reward experience, in-depth product knowledge, certification, or a part-time management and training role. Often, the primary job of the "senior" technician is to provide answers to questions that first-level support reps or outsourcers can't answer. Median pay for senior technicians rose by 4.7% last year to $45,000 (on top of a 7.5%increase during1999). The best-paid 25% earn more than $55,000; the bottom 25% earn less than $38,000.

★ **FIELD SUPPORT TECHNICIAN**
"Provides on-site service, primarily for enterprise products."

PC support is typically provided over the telephone, but many high-end software companies also provide on-site services, usually as part of installation or fee-based maintenance plans. In the past, field technicians were the industry's highest paid support reps; in the past few years, however, their salary profile ($45,000 median) has become more closely aligned with the "senior support technician" category.

★ **SUPPORT TECHNICIAN**
"Provides first-level solutions, primarily over the phone."

At most software companies, the task of handling unescalated telephone calls is an entry-level job with relatively high turnover. Although pay levels tend to be low ($35,000 median), there has been a recent trend toward higher pay: Compensation rose by 3.1% last year, 5.1% in 1999, and 3.9% in 1998.

★ **CUSTOMER SERVICE REP**
"Answers routine service questions; routes calls to technicians."

Customer service reps typically handle first-level customer contacts that don't require diagnostic skills or training, such as collecting background information and filling orders. Many companies now pay customer service reps on an hourly basis; the current industry median salary, $29,000, is equal to about $14/hour.

VARIABLES: REVENUES, ORGANIZATION SIZE, PRODUCT PRICE, LOCATION

* **Annual revenues:** Pretty consistently, the largest software companies (those with revenues of $100 million or more) pay their support employees at the top end of the salary scale. Between $1 million and $99 million, however, company size is often not an important variable for support pay, especially for middle managers and rank-and-file employees.

	Annual Company Revenues			
	<$1 MM	$1-$10 MM	$10-$99 MM	$100+ MM
Senior Support Executive	$110,000	$80,000	$90,000	$114,500
Count:	11	41	39	44
Department Manager	$57,500	$50,000	$60,000	$76,000
Count:	14	49	48	50
Analyst/Project Manager	*	$50,000	$50,000	$60,425
Count:	4	27	30	42
Senior Support Technician	$41,500	$45,000	$45,000	$50,000
Count:	10	51	45	50
Field Support Technician	*	$39,000	$43,000	$50,000
Count:	5	22	21	18
Support Technician	$37,500	$34,150	$35,000	$40,000
Count:	14	54	45	49
Customer Service Rep	*	$28,000	$30,000	$30,000
Count:	7	32	30	33

Salaries are medians. "Count" is the number of responses in each salary category or sub-category.
Asterisk (*) indicates insufficient data (fewer than 10 responses).

* **Organization size:** A more important variable for support compensation is the size of a firm's support department. Large support organizations (those with 30 or more employees) pay higher

salaries in almost all categories, compared to their mid-sized counterparts (10-29 employees). Moreover, the pay differential tends to be greater for employees and managers with higher levels of skills; organization size has much less impact on pay levels for first-level support technicians and customer service reps.

Surprisingly, the smallest support organizations (1-9 employees) also pay premium salaries for employees in higher-skilled job categories. These smaller organizations may have to pay higher salaries to recruit effectively in a tight labor market, but it's also possible that small organizations recruit employees who have broader skills and more job experience.

	Support Organization Size (employees)		
	1 - 9	10 - 29	30+
Senior Support Executive	$90,000	$90,000	$102,000
Count:	40	44	59
Department Manager	$54,000	$56,000	$73,000
Count:	57	54	61
Analyst/Project Manager	$60,000	$50,000	$60,000
Count:	20	37	49
Senior Support Technician	$48,000	$42,000	$48,000
Count:	47	51	63
Field Support Technician	$50,000	$42,000	$45,000
Count:	14	31	23
Support Technician	$35,000	$35,000	$36,700
Count:	56	54	62
Customer Service Rep	$28,000	$30,000	$29,500
Count:	29	33	42

Salaries are medians. "Count" is the number of responses in each salary category or sub-category.

* **Product price:** Companies that sell high-end software (priced above $10,000) usually provide support as part of maintenance contracts and other fee-based programs, so they tend to recruit the highest-paid front-line support staff. Currently, pay levels for employees who support mass-market consumer and desktop titles (priced below $999) and those who support mid-range titles (priced between $1,000 and $9,995) are remarkably similar:

	Price of Company's Best-Selling Product		
	<$999	$1,000-$9,995	$10,000+
Senior Support Executive	$98,000	$97,500	$100,000
Count:	29	34	51
Department Manager	$54,500	$60,000	$65,500
Count:	42	37	58
Analyst/Project Manager	$55,000	$56,717	$60,000
Count:	21	22	39
Senior Support Technician	$45,000	$45,000	$50,000
Count:	35	39	57
Field Support Technician	*	$46,750	$50,000
Count:	4	12	30
Support Technician	$35,000	$35,000	$40,000
Count:	44	43	55
Customer Service Rep	$27,000	$29,000	$32,000
Count:	23	21	37

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Asterisk (*) indicates insufficient data (fewer than 10 responses)

* **Location:** Because of high labor costs, software companies have gradually moved their support operations out of high-wage states like California and Massachusetts to lower-cost states. Texas in particular has seen strong growth in support hiring; among our survey respondents, 18 are now based in Texas, compared to the same number in Massachusetts and 28 in California.

| | Location of Primary Support Center | | |
	Calif.	Mass.	Texas
Senior Support Executive	$120,000	$100,000	$89,760
Count:	17	17	15
Department Manager	$70,000	$71,000	$60,000
Count:	23	18	15
Analyst/Project Manager	$75,000	*	$47,500
Count:	12	8	12
Senior Support Technician	$50,000	$50,000	$46,500
Count:	22	14	14
Field Support Technician	*	*	*
Count:	8	5	9
Support Technician	$40,500	$41,000	$34,500
Count:	24	14	16
Customer Service Rep	$32,500	$35,000	$25,000
Count:	14	11	11

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THE DEMOGRAPHICS OF SUPPORT

This survey, our sixth annual report on tech support salaries in the PC software industry, reflects survey data supplied by 206 software support organizations with a total of more than 10,526 support employees. Some key characteristics of our sample universe:

★ **Company size:** 29% of our respondents report annual sales of $100 million or more, 27% have sales of $10-$99 million, 35% have sales of $1-$10 million, and 9% are below $1 million.

★ **Organization size:** Although 30 companies in our survey have more than 100 support employees, the absolute size of most PC software support organizations is fairly small: Median organization size is currently 14 employees; 37% have 1-9 support employees, 31% have 10-29 employees, and 32% have 30 or more employees.

★ **Product price:** Many of the software companies in our sample serve high-end vertical or enterprise markets. The median price for our respondents' best-selling products is $4,000; 39% support products that sell for more than $10,000, another 28% support products in the $1,000-$9,995 range, and 33% support products that sell for less than $999.

Year-to-Year Comparison: Raises Across the Board

	1999	2000	Change
Senior Support Executive	$90,000	$97,000	+7.8%
Department Manager	$56,350	$60,000	+6.5%
Analyst/Project Manager	$52,500	$54,380	+3.6%
Senior Support Technician	$43,000	$45,000	+4.7%
Field Support Technician	$40,000	$45,000	+12.5%
Support Technician	$33,950	$35,000	+3.1%
Customer Service Rep	$27,000	$29,000	+7.4%