

Compensation Trends in the Semiconductor and Embedded Design Services Industry

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CareerNet
CONSULTING

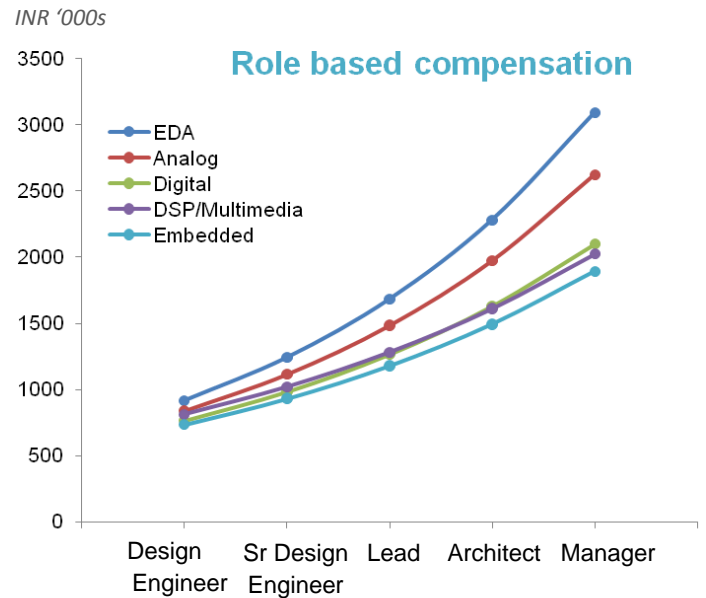
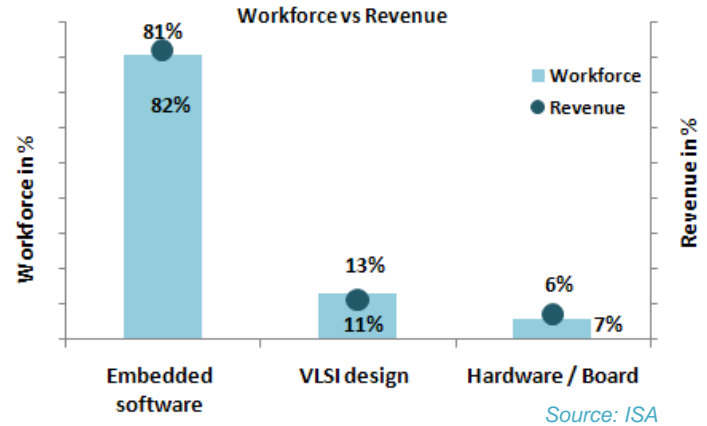
“ The semiconductor and embedded design industry in India is clearly growing, with a projected annual growth of over 21% in the next three years. This is bound to stretch the talent available in the industry and it will become important for companies to understand their recruitment requirements and be prepared for the challenges that such growth will impose. This is a timely report by CareerNet Consulting that provides interesting empirical insights into compensation trends in the Indian semiconductor industry and provides direction to where companies should focus when it comes to attracting and retaining talent during this growth phase. ”

India's IC design and embedded software design services market grew to \$6 billion in 2007, up from \$4.6 billion in the previous year according to a recent study published by India Semiconductor Association (ISA). Further, the report says the Indian design sector is projected to grow by 21% during next three years on a compounded annual growth basis to \$10.96 billion.

TALENT DISTRIBUTION & COMPENSATION TRENDS

The industry currently employs over 130,000 engineering professionals in various areas of design, verification & validation and other areas of skills and expertise demanded by the semiconductor industry. Eighty two percent of the total workforce employed by the Indian semiconductor sector works in the embedded software space, generating eight one percent of the overall revenue.

The robust growth of the Semiconductor and Embedded Design Services industry in India has resulted in strong demand for high quality talent, the influx of fresh engineering graduates and upward pressure on compensation packages in this space.



KEY FINDINGS OF THE SURVEY

- Salaries in EDA continue to rise, augmented by a spurt in demand for quality EDA professionals with more global companies setting up R&D facilities in India.
- Our research suggests that, on an average, EDA companies pay 32% higher salaries over other domains in the semiconductor space.
- Analog companies are the next best paymasters, their compensation packages being 27% higher than others with the exception of EDA companies where they are 10% lower.
- Compensation packages at product companies are, on an average, 32% higher than services companies in this industry
- Salaries increase by 33-34% as industry professionals progress through the various roles and levels in the organizational stack.

	EDA	Analog	Digital	DSP/Multimedia	Embedded
Design Engineer	916	838	762	812	732
Sr Design Engineer	1,241	1,114	981	1,020	928
Lead	1,682	1,482	1,264	1,281	1,176
Architect	2,280	1,970	1,628	1,609	1,491
Manager	3,090	2,620	2,096	2,021	1,889

INR '000s

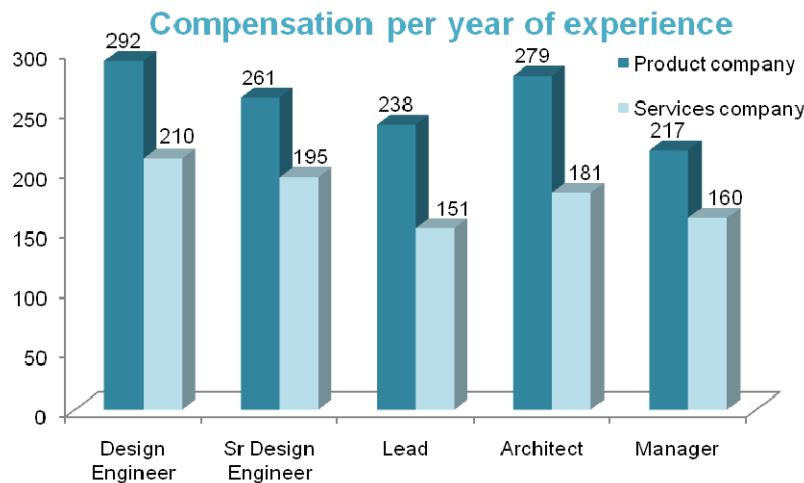
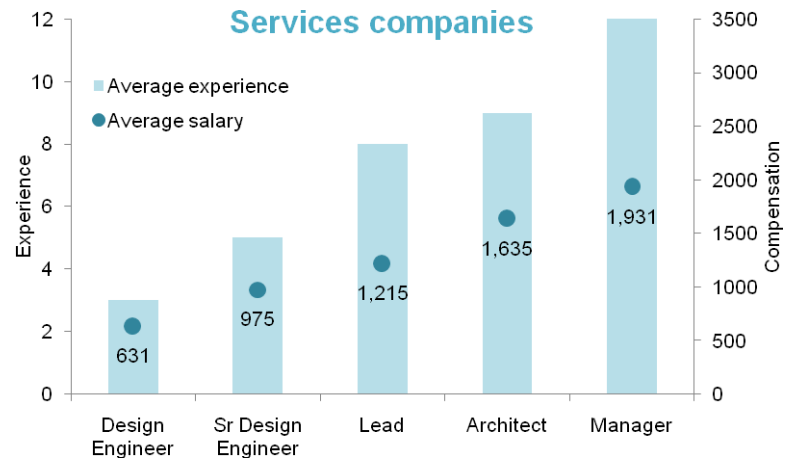
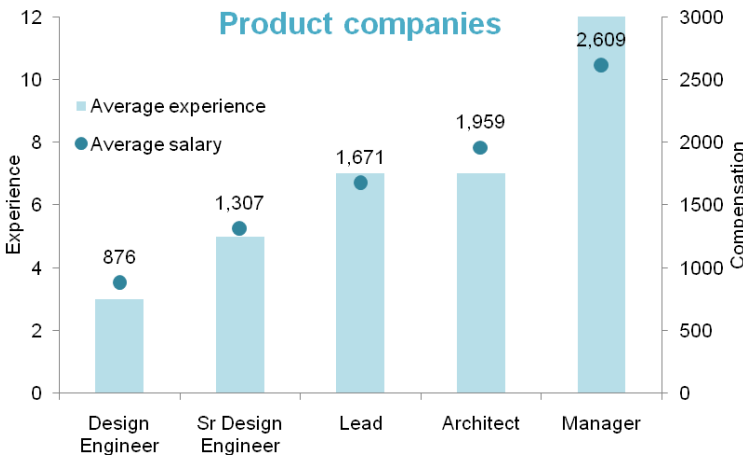
PRODUCT VS SERVICES COMPANIES

- On an average, compensation packages at product companies are 32% higher than their services counterparts in this industry.
- The difference in entry level salaries is significant with product companies paying 36% more over services companies.
- Architects and Managers in a product company command

- 20-35% higher salary over their counterparts in services companies.
- At junior levels (Design Engineer & Senior Design Engineer) product companies pay up to 36% higher salaries per year of experience.
- Salary for each year of experience progressively decreases by 9-18% for product companies and 7-22% for services companies.

All figures are in INR '000s

	Design Engineer		Sr Design Engineer		Lead		Architect		Manager	
	Product	Services	Product	Services	Product	Services	Product	Services	Product	Services
Across Industry	877	632	1,307	975	1,672	1,216	1,959	1,635	2,609	1,931
EDA	1,047	615	1,730	1,040	1,983	1,603	2,267	2,050	3,600	2,503
Analog	903	770	1,425	883	1,808	967	2,210	1,900	2,756	2,467
Digital	909	623	1,149	804	1,604	1,010	1,851	1,223	2,892	1,450
DSP / Multimedia	733	770	1,156	1,099	1,375	1,155	1,725	1,650	2,000	1,857
Embedded	793	380	1,076	1,050	1,589	1,343	1,743	1,353	1,800	1,380



EXPERIENCE PAYS

- Compensation for professionals with 3-5 years of experience is 26% higher than those in the 0-3 years experience band.
- Compensation for professionals in the 5-7 years experience band is 53% higher than that of their industry colleagues in the lower experience band. On an average, for the industry, this is the band at which the percentage increase is the highest.
- The compensation differential between experience bands, for professionals in the embedded software space below 7 years of experience, is 60-66%; however this progressively reduces to 10% at the higher experience bands beyond 7 years.

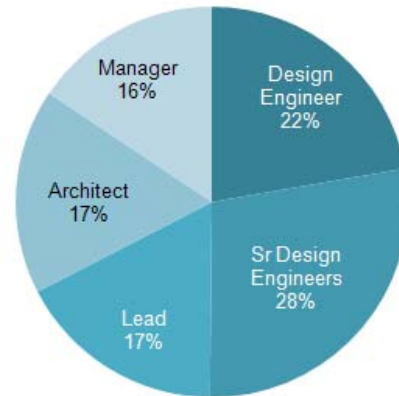
NOTES

- This study does not include exceptional compensation packages that have been observed from time to time in certain types of situations. Some of these situations are where exceptional individuals are hired to set up a new business, or when a core team is assembled specifically for a new initiative.
- Executive and expatriate compensation packages are not within the scope of this study; these compensation packages do not follow the salary per year of experience pattern observed here.
- The industry offers several other innovative elements of compensation and benefits such as stock options/RSUs, sabbaticals and financing for further studies and research assignments at global R&D centers. It has also been observed that several companies in this industry offer annual performance incentives in the form of RSUs.
- The scope of this study is limited to VLSI/Embedded Design services. It does not include the semiconductor or hardware manufacturing industry.
- The findings are illustrative trends. They are neither designed nor intended to be an in-depth compensation study for the determination of specific salary levels.

Experience wise compensation offered by industry

	0 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	10+ years
Industry average	635	801	1,223	1,700	2,337
EDA	773	880	1,362	1,944	2,869
Analog	733	840	1,246	1,938	2,727
Digital	650	825	1,245	1,549	2,421
DSP / Multimedia	577	752	1,090	1,508	1,950
Embedded	443	707	1,171	1,563	1,716

Respondents profile



SURVEY PARTICIPANTS

Survey participants were selected from various areas of expertise and from companies ranging from startups to established MNCs. The experience levels of the survey participants range from 0 to 15 years across levels, which were classified into the categories of Design Engineers, Senior Design Engineers, Leads, Architects and Managers.

METHODOLOGY

This paper titled “*Compensation Trends in the Semiconductor and Embedded Design Services Industry*” from CareerNet Consulting is based on a study conducted in July 2008.

CareerNet’s Research and Consulting team interviewed 302 candidates for this study. The data for this study was derived from compensation information obtained by interviewing candidates across levels, areas of expertise and regions in India, as well as from offers facilitated by CareerNet during 2008. Statistical modeling and analysis was performed on the collected data to arrive at the findings presented. All figures and graphical representations provided here are in INR ‘000s.

ABOUT THE AUTHORS

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ABOUT CAREERNET

CareerNet is an integrated HR and Recruitment consulting organization. CareerNet offers specialized services to 250+ companies in the Technology, Knowledge Services, Banking, Financial Services and Consulting sectors across all major locations in India. The company is led by a team of highly talented and experienced professionals who have extensive experience in the technology, consulting and services industry. Our key services include:

- Consulting
- Executive Search
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