2020 GENDER AND ETHNICITY PAY GAP REPORT

An introduction

We have taken the decision to add our ethnicity pay gap report to our gender pay gap report, starting this year.

We are pleased to see the progress our networks and communities have made within the business to continue promoting inclusivity. We truly believe that diversity – across all dimensions – is an outcome of an inclusive and respectful culture. We are clear that all our people have a part to play in ensuring we provide an inclusive environment. Our continued focus on inclusion is about ensuring that every employee can come to work and be themselves, be respected and be valued for their contributions.

I'm pleased to have seen members of our networks contribute, participate and organise events and campaigns to help inform our employee about opportunities that exist to learn from their fellow colleagues. This year we saw the launch of Communities, which actively promotes all our Diversity & Inclusion networks and communities to help continue to build an inclusive organisation.

We launched our BAME network this year and signed the Race at Work Charter to commit to the five calls to action to ensure that ethnic minority employees are represented at all levels in our organisation.

We appreciate that our Gender and Ethnicity actions will only succeed if we have the right working environment and culture. Softcat have a very unique culture and to this end we have focused our energy on a working environment that is an inclusive one.

We know there is more we can do, and believe that our actions set out in this report will ensure meaningful progress over time.

Anushka Davies
Head of Talent, Engagement & Diversity
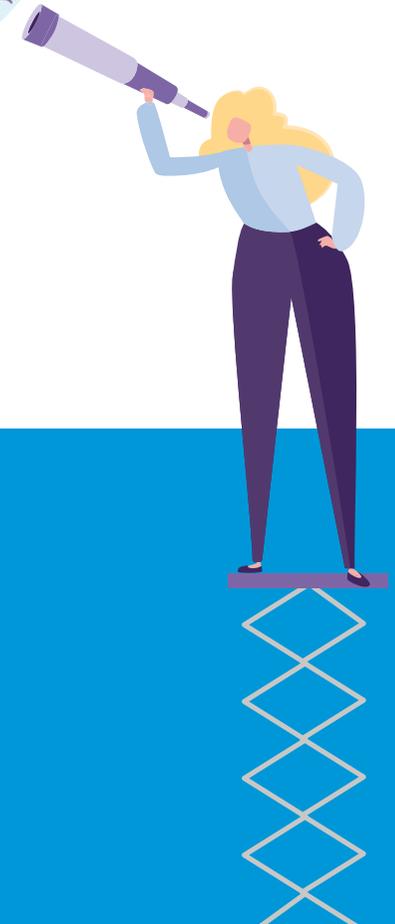
SOFTCAT'S GENDER PAY GAP

We are disappointed to see an increase in our gender pay gap by 6% compared to that published in 2019. The dominant reason for this is the overall performance of our male and female Account Managers (AMs) in sales and specialist roles. Whilst our female AMs have increased the amount of profit they are generating, their male counterparts increased their profit contribution by a greater amount. Only 20% of our AMs are female and they generate approximately 12% of our revenue.

We are pleased to see that our overall gender balance has increased by 3% to 30% which is due to improved attraction. We have seen small increases in the number of females being attracted to roles due to the language used in job adverts, along with working closer with hiring managers on how roles can be made more flexible.

Gender balance within our Management team has improved by 1% to 24% and has improved by 10% to 20% on our Senior Leadership Team. We are also pleased to now have 50/50% gender balance on our Board.

Difference between men and women

Gender pay gap

Mean		Median	
2020	40%	2020	30%
2019	34%	2019	23%
2018	31%	2018	25%
2017	34%	2017	19%

Gender bonus pay gap

Mean		Median	
2020	64%	2020	58%
2019	61%	2019	45%
2018	56%	2018	55%
2017	57%	2017	48%

- Mean refers to the average of all the salary data
- Median refers to the value lying at the midpoint of the salary data
- Bonus pay gap refers to all variable pay including commission
- Calculations are based on data from April 2020

Proportion receiving a bonus payment

Male
93%

Female
90%

Proportion in each pay quartile

● Male ● Female

Bottom Quartile

	Male	Female
2020	65%	35%
2019	72%	28%
2018	66%	34%
2017	62%	38%

Third Quartile

	Male	Female
2020	60%	40%
2019	59%	41%
2018	64%	36%
2017	65%	35%

Second Quartile

	Male	Female
2020	71%	29%
2019	73%	27%
2018	72%	28%
2017	70%	30%

Top Quartile

	Male	Female
2020	87%	13%
2019	88%	12%
2018	87%	13%
2017	89%	11%

SOFTCAT'S ETHNICITY PAY GAP

We are pleased to be publishing our ethnicity pay gap report for the first time. Our calculations are based on an internal survey that we conducted earlier in 2020 to establish the ethnicity of our workforce to which we received a 95% response rate. The remaining 5% is referred to as undisclosed in this report. By collating the data, it has helped us gain a better understanding of how diverse our organisation is. Based on the response rate we found that ethnic diversity at Softcat is identical to that of the national data at 12.5%.

Our ethnicity pay gap calculations have been made by following the statutory gender pay gap methodology. The ethnicity pay gap shows the difference in the average hourly rate of pay between Black, Asian and Minority Ethnic (BAME) and non-BAME individuals in an organisation.

We are committed to continue capturing data on ethnicity to help us maintain our data, and to publish reports as accurately as possible moving forward. This will of course help us in creating transparency and aid us to improve our overall diversity.

Reporting for 2020

Ethnicity pay gap

Mean
25%

Median
8%

Ethnicity bonus pay gap

Mean
40%

Median
60%

Proportion receiving a bonus payment
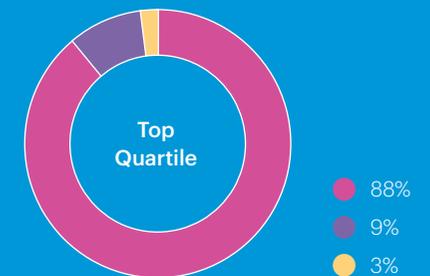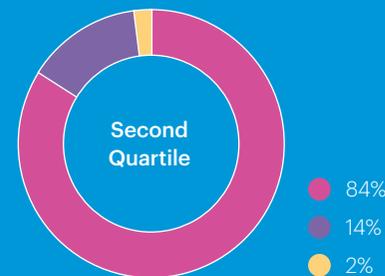
Non-BAME
93%

BAME
89%

Undisclosed
89%

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Proportion of ethnicity in each pay quartile

● Non-BAME   ● BAME   ● Undisclosed

Bottom Quartile
- ● 77%
- ● 14%
- ● 9%

Third Quartile
- ● 84%
- ● 12%
- ● 4%

Second Quartile
- ● 84%
- ● 14%
- ● 2%

Top Quartile
- ● 88%
- ● 9%
- ● 3%

UNDERSTANDING THE DATA

Understanding the gender data

Our business model is driven by high achieving Account Managers (AMs) and we do everything we can to encourage them to sell more by fostering long-term client relationships. Our legacy long term AMs are predominantly male, and they are delivering the highest levels of incremental performance. There is a clear correlation between the tenure and the profit generated by employees in sales and we have a higher percentage of male AMs who have been in the role for a longer period of time with a more established account base. We are working closer with our female account managers to support their progress to help them improve their longevity in sales roles.

We are working closer with our female account managers to support their progress to help them improve their longevity in sales roles. We are now recruiting more females into sales and specialist AM roles and this should bear fruit in the future. However, it takes on average 8-10 years for an AM to establish relationships with customers and to generate the same levels of profit as their male counterparts.

Having a strong proportion of women amongst the high earners in sales in the long-term is imperative for reducing the gender pay gap. This will take time and our focus will remain on attracting more females into sales roles to improve our overall gender balance whilst continuing to encourage and support females in sales roles.

Finally, there remains a lack of females in technical and services roles within Softcat, although we are working hard to recruit more. Regardless of this, if the male rate of pay continues to increase in sales, the efforts we are making to recruit more women into technical roles will not have a material impact on our gender pay gap. Currently, the median hourly rate for women in 2020 is the same as it was for men in 2017, which shows that the female rate of pay is growing, but the male rate of pay has grown twice as quickly.

Understanding the ethnicity data

This is the first year that we are publishing our data, therefore we have no previous data to report and compare with. Although two of our highest performing sales specialists identify as BAME, the majority of our high performing AMs are non-BAME employees. This leads to a larger mean ethnicity pay gap. In our technical areas, we have more BAME employees working at mid-level roles, which is therefore having a positive impact on our median pay gap.

Our ethnicity pay gap is also driven by lower representation of BAME employees at senior levels. Whilst BAME employees make up 12.5% of our organisation, we have lower ethnic minority representation within our Management team which is currently at 8% and is at 5% at our Leadership team level.

We have many talented and successful BAME employees within the business and we are confident that we can improve ethnicity at management level to be more representative of our overall company.

On launching our BAME network earlier this year, we have made great strides in helping raise awareness across the organisation on the impacts of racism and informing the company on important cultural celebrations.

Gender and ethnicity balance at Softcat

The gender and ethnicity pay gaps are measures of the difference between the average earnings for men, women, BAME and non-BAME employees, respectively. This is not the same as equal pay. We are confident that there are no underlying equal pay issues between men and women and between BAME and non-BAME employees at Softcat for the same or similar work.

WHAT ARE WE DOING TO CLOSE THE GAP?

We have a dedicated action plan to help address the imbalance both across gender and ethnicity.

Grassroots

Work closer with schools located close to our regional offices to help improve the awareness of roles within technology organisations. We are also committed to working with schools which have a higher female and BAME representation.

Mentoring

Promoting more mentoring opportunities for our female and BAME employees through our mentoring application, which matches the mentees with the right internal mentors based on skills.

Partnerships

Continue to work on the commitments as part of the Race at Work Charter and the TechTalent Charter.

Development

We will review our people data to discuss and identify talent available to form part of both Management and Leadership development programmes.

Raise awareness

Deliver a company-wide allyship programme which will aim to help our employees develop a growth mindset and engage in a process of developing a culture free of discrimination.

Understand data

Continue to help and work with Senior Managers in understanding both their gender and ethnicity data for their business areas to analyse and assess where more focus is required.

Attracting a diverse talent pool

Improve our recruitment processes to ensure a balanced set of CVs are put forward for roles and a diverse panel is presented at interview stage.

Industry efforts

Work alongside industry leading organisations on the Technology Channel Against Racism programme to improve awareness and dialogue on race across the technology industry.

Recognise

We will continue to recognise our women and BAME employees for their contribution. At the CRN Women in the Channel Awards, we had 22 Softcat women reach finalist stage with three winners.

Looking to the future

"I believe that by making our organisation more equal at all levels will help us make the most of the different backgrounds. The different perspectives and experiences our employees bring will help us better serve our customers and community. Softcat is making some progress, and I am delighted to have voluntarily published our ethnicity pay gap report this year. Along with the Senior Leadership team, we are committed to closing the pay gaps and I am encouraged by the initiatives I have seen this year to help drive this change.

Our declaration

Our gender pay gap calculations are accurate and meet the methodology set out in The Equality Act 2010 (Gender Pay Gap Information) Regulations – 2017.

Graeme Watt — CEO

"This year we have more visibility of our gender and ethnicity data than we ever have before. This data will help us understand how we can improve diversity across the whole business.

I'm pleased that we have introduced several new recruitment processes to ensure that we have a more diverse talent pipeline for the future. We have a long way to go, but we're on the right track."

Rebecca Monk — HR Director