



Houlihan
Lokey

HCM Technology Market Update

Q2 2023





**Houlihan
Lokey**



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01

HCM TECHNOLOGY AT HOULIHAN LOKEY

Houlihan Lokey is a leading global investment bank with expertise in mergers and acquisitions, capital markets, financial restructuring, and financial and valuation advisory.

KEY FACTS AND FIGURES



36
Locations
Worldwide

~2,000
Total Financial
Professionals




313
Managing
Directors⁽¹⁾

2,000+
Clients Served
Annually













>\$6.5B
Market
Capitalisation⁽²⁾

\$1.8B
Revenue⁽³⁾

OUR SERVICES

-  Corporate Finance
-  Financial Restructuring
-  Financial and Valuation Advisory

OUR COVERAGE AREAS

-  **Technology**
-  Financial Services
-  FinTech
-  Financial Sponsors Coverage
-  Business Services
-  Healthcare
-  Equity Capital Markets
-  Consumer, Food, and Retail
-  Industrials
-  Debt Advisory
-  Energy
-  Real Estate, Lodging, and Leisure

(1) As of June 2023; excludes corporate Managing Directors.
 (2) As of June 2023.
 (3) LTM ended 31 March 2023.

Houlihan Lokey is the trusted advisor to more top decision-makers than any other independent global investment bank.



Corporate Finance

- No. 1 Global M&A Advisor Under \$1 Billion
- Leading Capital Markets Advisor Raising More Than \$25 Billion in Past Two Years

Advisor	Deals
1 Houlihan Lokey	381
2 Rothschild	369
3 JP Morgan	217
4 Lazard	206
5 Goldman Sachs	203

Source: Refinitiv. Excludes accounting firms and brokers.



Financial Restructuring

- No. 1 Global Restructuring Advisor
- \$3.0 Trillion of Aggregate Transaction Value Completed

Advisor	Deals
1 Houlihan Lokey	58
2 PJT Partners	30
3 Lazard	29
4 Rothschild	25
5 Moelis	21

Source: Refinitiv.



Financial and Valuation Advisory

- No. 1 Global M&A Fairness Opinion Advisor Over the Past 25 Years
- 1,000+ Annual Valuation Engagements

Advisor	Deals
1 Houlihan Lokey	1,232
2 JP Morgan	1,030
3 Duff & Phelps, A Kroll Business	938
4 Morgan Stanley	725
5 BofA Securities	710

Source: Refinitiv. Announced or completed transactions.



Financial Sponsors Coverage

- No. 1 Global Advisor to Private Equity Firms
- 1,000+ Sponsors Covered Globally

Advisor	Deals
1 Houlihan Lokey	242
2 Lincoln International	192
3 Deloitte	190
4 Grant Thornton	151
5 Willian Blair & Company	118

Source: PitchBook.

Global Leadership Team Built to Advise HCM Platforms

Global HCM Sector Team...



Rob Louv
Managing Director,
Chairman of US
Technology



Sascha Pfeiffer
Managing Director,
Head of European
Technology



Kevin Walsh
Managing Director



Adrian Reed
Managing Director



Dan Dresner
Senior Vice
President



James Local
Managing Director



Melissa Tran
Vice President

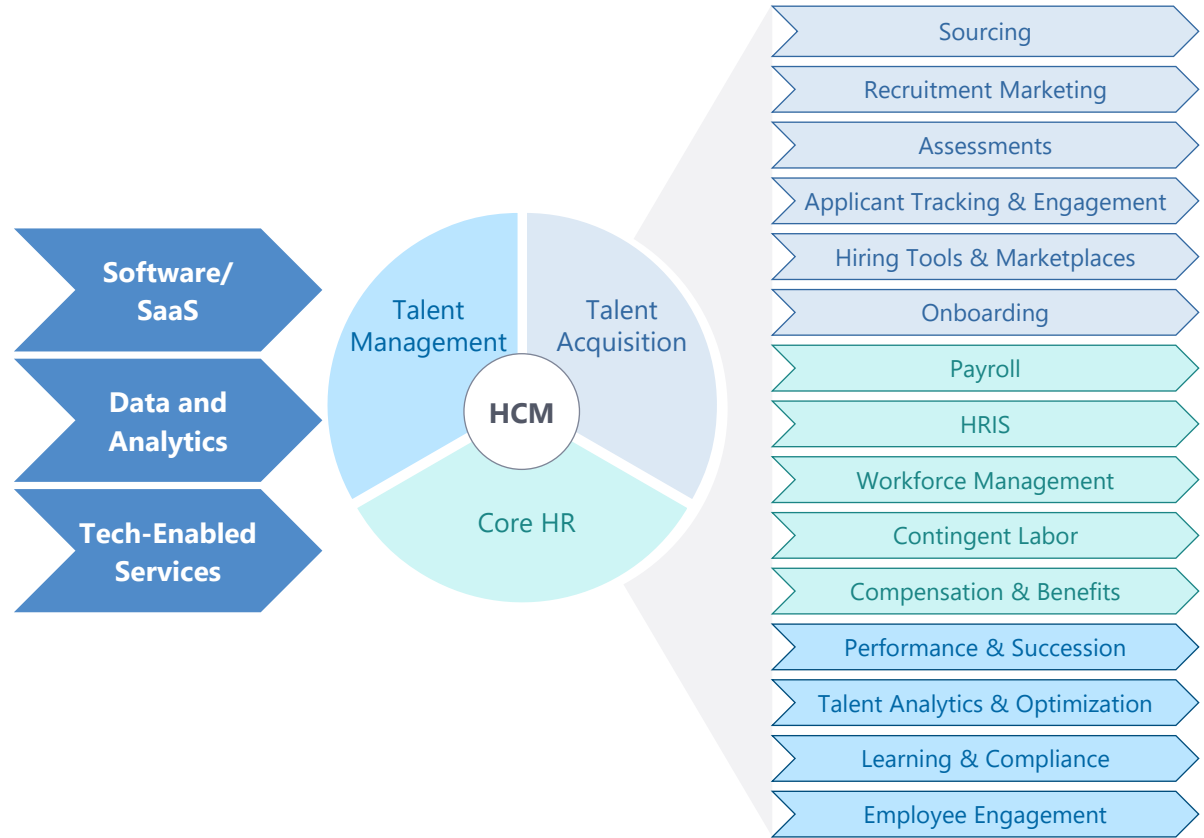



Eric Erbeck
Senior Vice
President



James Grundy
Vice President

...Covering the Entire HCM Ecosystem



 **20+**
Dedicated HCM bankers based in
New York, London, Frankfurt, Los
Angeles, Miami, and San Francisco

 **45+**
Completed or announced HCM
M&A transactions since the start
of 2019

 **Global**
Single specialised HCM practice
across the world

Unparalleled Track Record Across the HCM Landscape

 has acquired Financial Advisor	 Continuation Fund I has acquired Financial Advisor	 has been acquired by Sellside Advisor	 has been acquired by Sellside Advisor	 has been acquired by Sellside Advisor	 has acquired Financial Advisor	 has received growth financing from Financial Advisor	 has been acquired by a portfolio company of Sellside Advisor	 has been acquired by Sellside Advisor	 has been acquired by Sellside Advisor
Talent Acquisition	Workforce Management	Learning Management	Hiring Tools and Marketplaces	Experience Management	Performance and Succession	Workforce Management	Workforce Management	Compensation Management	HR and Tax Compliance
 has completed a recapitalization Financial Opinion	 has been acquired by Sellside Advisor*	 growth financing led by \$88,000,000 Financial Advisor*	 has acquired Fairness Opinion	 has merged with Financial Advisor*	 a portfolio company of has acquired a portfolio company of Sellside Advisor	 has received investment from Financial Advisor*	 a portfolio company of has acquired Buy-side Advisor*	 has sold a minority stake to Sellside Advisor*	 a portfolio company of received a majority investment from Financial Advisor*
Vertical HCM	Workforce Management	Payroll	Payroll	Workforce Communications	Assessments	Corporate Learning	HR and Payroll	Talent Mgmt. and Recruiting	HRIS
 has received an investment from Sellside Advisor*	 has been acquired by Sellside Advisor*	 has merged with Sellside Advisor	 a portfolio company of merged with Other Advisor*	 has been acquired by a partner company of Sellside Advisor*	 has confirmed a "pre-package" Chapter 11 Plan of Reorganization, restructuring \$2.1 billion of debt and raising \$110 million of new money investment Company Advisor	 has received an investment through convertible loan from Other Advisor*	 has received investment from a portfolio company of Sellside Advisor	 majority recapitalization by Sellside Advisor*	 has been acquired by has entered into an agreement to combine and Fairness Opinion
Internal Communications	Payroll	Learning Management	Temporary Staffing	Compliance E-Learning	Learning Management	Corporate E-Learning	HR Compliance	Workforce Communications	HRIS
 has been acquired by Sellside Advisor*	 has received a USD 68m growth investment from Financial Advisor*	 has been acquired by Sellside Advisor	 has been acquired by Sellside Advisor*	 a portfolio company of has been acquired by Sellside Advisor	 has received an investment from Financial Advisor*	 has been acquired by a portfolio company of Sellside Advisor	 has been acquired by Sellside Advisor*	 has been acquired by Sellside Advisor*	 has received an equity investment from Financial Advisor
Recruitment	Workplace Solutions	Learning Management	Recruitment	Learning Management	Learning Solutions	Talent Analytics	Workforce Management	Workforce Management	Employee Engagement
 has sold a minority stake to Sellside Advisor*	 has been acquired by Sellside Advisor	 majority investment by Exclusive Financial Advisor*	 has been acquired by Financial Advisor*	 has acquired AdaptUX Buy-side Advisor*	 has sold to Sellside Advisor*	 has been acquired by Sellside Advisor*	 has been acquired by Sellside Advisor	 has sold to Sellside Advisor*	 has received a majority investment by Sellside Advisor*
HR Solutions Platform	Workforce Management	HRIS	Accounting, Tax, HR, and Payroll	Staffing and Recruitment	Payroll	Contingent Labor	Workforce Management	HR and Administration	Enterprise Mobility

*Selected transactions were executed by Houlihan Lokey professionals while at other firms acquired by Houlihan Lokey or by professionals from a Houlihan Lokey joint venture company. Tombstones included herein represent transactions closed from 2010 forward.

Representative HCM Landscape



<h3>SOURCING</h3> <p>Career Builder, DHi, HackerRank, handshake, jobandtalent, jobrapido, randstad, seek, SHIFTSmart, snagajob, Symphony Talent, Talroo, tenstreet, Thumbtack, Wenele</p>	<h3>RECRUITMENT MARKETING</h3> <p>Avature, employ, Avature, employ, greenhouse, Hireology, icims, jdxpert, Meta, phenom, remote, SmartRecruiters, VONQ, XING, ZipRecruiter</p>	<h3>ASSESSMENTS</h3> <p>Cappfinity, Criteria, DDI, MHS, PI THE PREDICTIVE INDEX, PSI, pymetrics, WILEY, wonderlic</p>	<h3>HIRING TOOLS & MARKETPLACES</h3> <p>BOLD, Circa, fiverr, HireVue, MarketHire, Modern Hire, Outmatch, PARADOX, SkillGigs, THE MOM PROJECT, upwork</p>	<h3>APPLICANT TRACKING & ENGAGEMENT</h3> <p>amberjack, Bullhorn, exact, IBM, icims, Oleeo, ORACLE, PageUp, SAP, sense, TalentReef, Talos360</p>	<h3>ONBOARDING</h3> <p>accurate, ASURINT, Checkr, First Advantage, GIS, SilkRoad Technology, Sterling, VERTICAL SCREEN</p>
<h3>PAYROLL</h3> <p>actipayroll, ADP, brightpay, CERIDIAN, cloudpay, deel, Frontier, GREENSHADES, immedis, INFONIQ, InovaPayroll, intuit, NETHEX, PAYCHEX, payrollcity, Payslip, PEOPLE2.0, Sage, VISMA, zalaris, zellis, zcovve</p>	<h3>HRIS</h3> <p>ascendis, bambooHR, CATALYSTONE, ciph, deel, infor, isolved, Namely, paycom, Paycor, Personio, UKG, UNIT4</p>	<h3>WORKFORCE MANAGEMENT</h3> <p>ActOne Group, Asolvi, Asure, beeline, BigChange, BIGTIME, harvest, humanforce, KIRBYT, LATHEM, Mineral, openforce, papayaglobal, Papershift, PENINSULA, REPLICON, smartsheet, tcp, Think, Totalmobile, trackforce, UNIFOCUS, workforce, workjam</p>	<h3>CONTINGENT LABOR</h3> <p>freelancer, Magnit, MBO partners, ORACLE, Patchwork, PROUnlimited, SAP, shiftgig, workrise</p>	<h3>COMPENSATION & BENEFITS</h3> <p>Benefex, Benefitfocus, BenefitMall, benify, beqom, businessolver, Collective Health, gusto, Justworks, PAVE, PayScale, PLANSOURCE, salary.com, TRUSAIC</p>	
<h3>PERFORMANCE & SUCCESSION</h3> <p>15five, BetterUp, CoachHub, eLb LEARNING, IBM, Lattice, ORACLE, SAP, Softworks, Sounding Board, Sympa, Talentia, VISMA, Xactly</p>	<h3>TALENT ANALYTICS & OPTIMIZATION</h3> <p>eightfold.ai, Hireology, HRWORKS, infor, PI THE PREDICTIVE INDEX, Perceptyx, visier, workday, WORKERA</p>	<h3>LEARNING & COMPLIANCE</h3> <p>alchemy, Axonify, cornerstone, degreed, docebo, eLb LEARNING, Kallidus, LearnUpon, NAVEX, PLURALSIGHT, retrain.ai, schoox, skillsoft, TECHWOLF, Torch</p>	<h3>EMPLOYEE ENGAGEMENT</h3> <p>applaud, BAUDVILLE, BI WORLDWIDE, firstup, globoforce, Hailio, LEGION, lumapps, Reward Gateway, Staffbase, unily, YOOBIC</p>		

Sources: Pitchbook, CB Insights, company filings, company websites, press releases.



02

PAYROLL SPOTLIGHT

Executive Summary

Mission-Critical

Payroll is mission-critical to the success of companies, but investment in technology and innovation has lagged behind other areas of HR, such as workforce management and employee experience.

Strategic Tool

The employer/employee relationship is changing at a faster pace than ever before, increasing the demands on payroll to be a strategic tool for enhancing employee engagement.

Global Talent

Global talent and the geographical spread of a highly mobile workforce are further stressing the payroll system and have driven the emergence of strategic employer-of-record (EOR) platforms.

Growth Market

The payroll and EOR market is vast, with regulatory complexity, emerging markets, and the convergence of software and services driving growth in the future.

Data Security

Cloud adoption has heightened the importance of cybersecurity and data protection across the end-to-end payroll cycle.

Evolving Role

Over the next few years, we expect the perception of payroll to shift from an inhibitor of employee happiness (manifesting in low payroll NPS) to an integral part of business strategy and the backbone of connecting a global talent marketplace.

Investment Opportunity

All of this has culminated in payroll and EOR being attractive markets to invest in and with consolidation a key topic for companies reviewing their payroll ecosystem, M&A will continue to be a core tenant of growth in a fragmented landscape.

KEY TRENDS AND THEMES

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The changing makeup of the workforce and the employer/employee relationship is having a profound impact on how people are hired and paid.

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Despite technology advances, getting payroll basics right remains a challenge for many and is prohibiting the digital transformation of the payroll function.

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Data and automation are key business priorities, yet siloed systems and a lack of integration limit the value that can be extracted from payroll data.

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Growing globalisation and remote workforces are driving the need for global payroll capabilities.

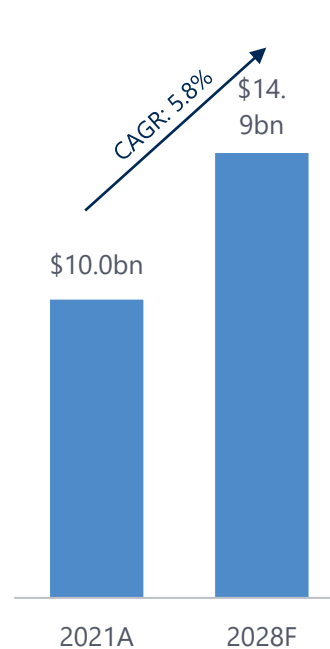
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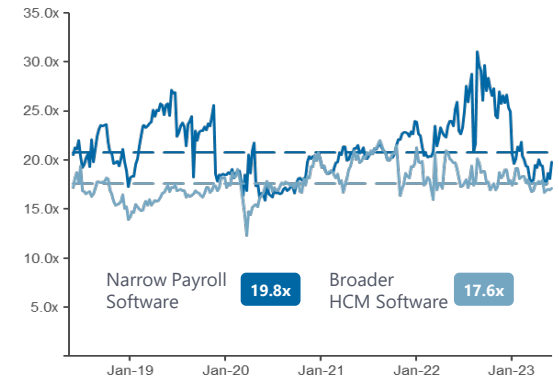
The critical role of payroll technology and services, and long-term opportunities are underscored by continuing investor appetite and premium valuation of listed peers.

16

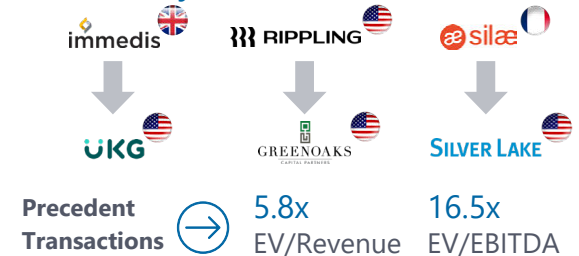
Payroll Market Remains Stable and Growing^{(1)*}



Payroll Listed Peers Operate at a Premium to HCM Peers⁽²⁾⁽³⁾



M&A Activity Has Continued Unabated



(1) Business Research Insights, Payroll Outsourcing Market Report Overview (May 2023); (2) EV/EBITDA FY +1, as of 6 June 2023; (3) Narrow Payroll Peers Defined as Those With Payroll dominant Product Offerings. *Numbers based on source estimates.

Houlihan Lokey's HCM Tech Spotlight Dinner: Payroll & EOR

Exclusive Dinner

Held in London
May 25



30+

Industry Leaders and
Capital Providers Attended

INDUSTRY LEADERS



CAPITAL PROVIDERS



5

Panel
Participants



A facilitated discussion covering the latest takes on:

- The changing employee/employer relationship
- Getting the payroll basics right
- Touchless payroll
- Adoption of the hybrid model
- Payroll and EOR investment thesis

Payroll and the Evolution in the Employer/Employee Relationship

War for Talent

Over recent years there has been a power shift in the balance of the employer/employee relationship. There is a 'war for talent' with the inexorable rise of flexible working changing the focus of employees. Job satisfaction in all its forms and life outside work are becoming increasingly important for employees, forcing businesses to rethink how they engage and motivate their workforce.

Global Workforce

Borderless talent is allowing industries and companies to look beyond geographical boundaries to source the best talent. Advancements in technology facilitate remote/hybrid working, with many employees reassessing where they want to be located. This has stimulated the need for EOR solutions to help navigate the local payroll complexities along with global mobility platforms to help companies leverage their existing workforce.

Evolution in Employment Arrangements

As well as the influence of borderless talent, the makeup of the workforce is undergoing significant change. The emergence of the contract worker, particularly prevalent in the pharma, tech, and distribution industries⁽¹⁾, has increased the complexity of scheduling, onboarding, benefits and, ultimately, payroll. Faster payroll processing capabilities are required to make same-day pay for contract, shift and 'gig' employees, which can only be met through greater integration and data flow across multiple HCM systems to accurately calculate earned wages across the end-to-end payroll cycle.

Flexible Working

Remote working has become embedded post-COVID-19, the financial ramifications have resulted in hidden costs and compliance complexities that are yet to be fully realised or addressed by employers and employees. Distributed employees now need to pay close attention to employment taxation and regulation in the countries and states where they live and work.⁽²⁾

Digital Payroll

External factors, such as technological advancements and the digitally native generation entering the workplace, are also disrupting traditional payroll practices. Post-COVID-19 arrangements and technology change is having a material impact on how employees are getting paid globally, with a greater shift to digital payroll in emerging markets and innovative ways of paying employees, such as digital wallets and prepaid cards.

Inflationary Forces and Cost of Living

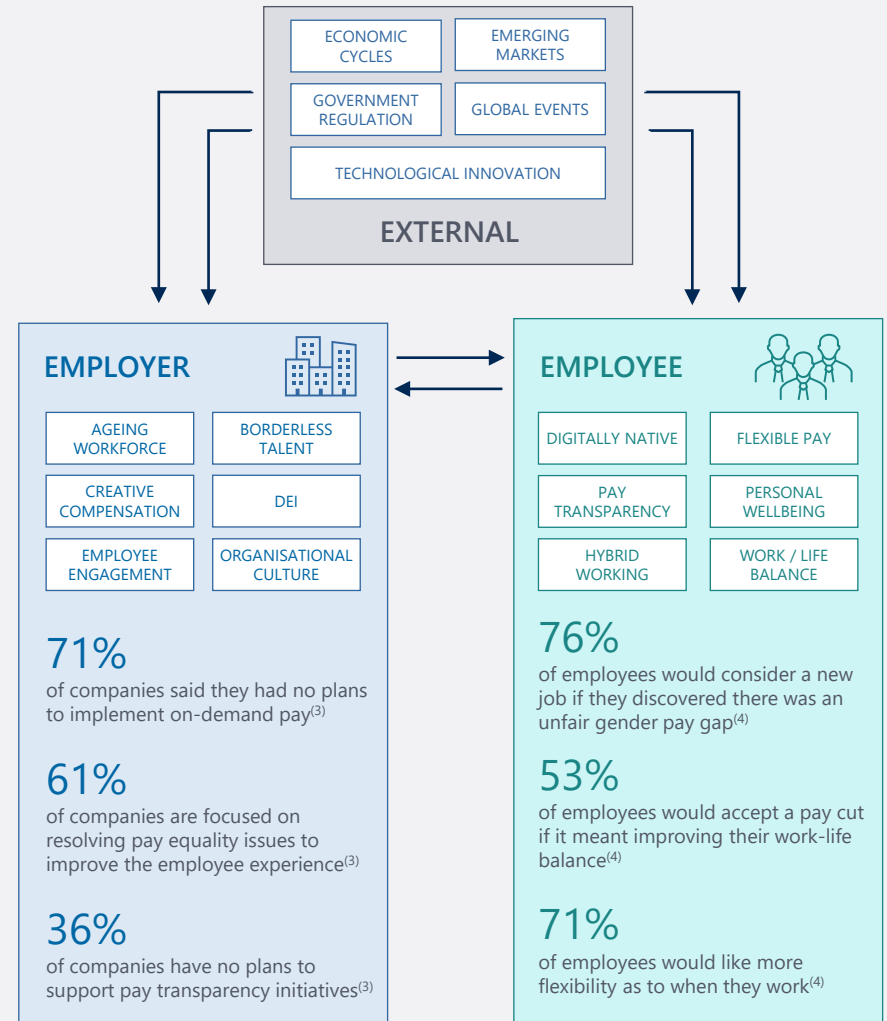
Inflation is having a material impact on both margins for companies and the cost of living for employees. For many companies, increasing salaries at a relative rate is unfeasible and is forcing companies to look for creative compensation packages that go beyond salaries. Greater benefits packages, financial wellness, and flexible (on-demand) pay are just a few examples of substitutes employers are exploring.

Changing Regulatory Landscape

The ever-changing regulatory landscape at times overlaps with the sentiment of employees. The increasing regulatory burden on the employer, i.e. the EU adoption of the Equal Pay and Pay Transparency Directive, is also an opportunity for companies to look more appealing to current and future employees by having a comprehensive pay equality program that promotes diversity, equity and inclusion.

(1) Josh Bersin, *How to Fulfil the Dream of Equal pay for Equal Work* (2023); (2) UKG, *Workforce Institute 'Our 2023 Workplace Predictions'* (2023); (3) Ceridian, *Future of Payroll Survey* (2022); (4) ADP, *People at Work 2022: A Global Workforce View*.

CHANGING FOCUS AND PRIORITIES



The Challenge of Getting Payroll Basics Right

Digital Transformation: While many HR discussions evolve around emerging themes in the workforce (flexible working, DEI, RPA etc.), pay remains the most important entitlement that an employer provides and yet the payroll function continues to lag behind other areas on the digital transformation journey.

Data Integrity: Many employers still struggle to get the basics right: data reliability, standardised payroll processes, manual spreadsheets, and human error are all key challenges payroll teams face on a regular basis.

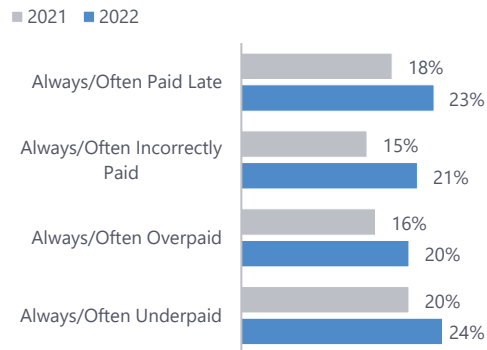
Basics vs. Innovation: Until companies get the basics right across the end-to-end payroll process, the true potential of new innovations and payroll data is going to go unutilised.

Fear of Failure: Even where payroll technology has been adopted, the fear of failure is driving reluctance within payroll teams to forego manual processes; this duplication not only impacts efficiency but inevitably leads to the problem teams were attempting to avoid in the first instance: payroll errors.

Security Concerns: This is being further compounded by compliance and security becoming increasingly tougher to manage for multiple stakeholders. With significant fines for non-compliance, getting this wrong can be expensive and brand damaging; data security is no longer a nice to have. It's a must-have.

Payroll Inaccuracy⁽⁵⁾

Payment problems continue to plague workers and employers, and the situation appears to be becoming more acute.



Payroll Errors in the News



For at least 18 months, Amazon had been underpaying new parents, patients dealing with medical crises, and other vulnerable workers on leave. As many as 179 of Amazon's warehouses had potentially been affected.⁽⁶⁾



Next was forced to assign a dedicated team to identify payroll errors and pay missing wages after staff were underpaid by as much as £200 for several months after the implementation of a new payroll platform.⁽⁷⁾



Asda external payroll provider made approximately 11,000 errors over several months, affecting the wages of 5,500 staff, with some workers losing out as much as £500.⁽⁸⁾

KEY PAYROLL METRICS



Employees Paid Late/
Total Employees Paid



Payroll Calendar
Length



Total Incorrect
Pay Slips



Defects Prevented
by Payroll



Supplementary
Runs Outside the
Regular Schedule



Employees Incorrectly
Paid/Total Employees
Paid

KEY STATS

40%
of companies still use
spreadsheets⁽¹⁾

62%
of CIOs have made
increasing operational
efficiencies a priority⁽²⁾

69%
of companies have
issues with their
payroll data⁽³⁾

31%
of companies don't
have any defined
payroll key
performance
indicators⁽²⁾

61%
of companies were too
busy dealing with
payroll queries to focus
on more strategic
initiatives⁽⁴⁾

27%
of employee data
breaches in the past
two years were the
result of human error⁽³⁾

(1) Alight, *Global Payroll Complexity Index 2021*; (2) Papaya Global, *Enterprise Playbook for Global Payroll*; (3) Ceridian, *Future of Payroll Survey (2022)*; (4) *The Potential of Payroll: Global Payroll Survey 2022*; (5) ADP, *People at Work 2022: A Global Workforce View*; (6) *The New York Times, Inside Amazon's Worst Human Resources Problem (2021)*; (7) *The Guardian, Next apologises to Staff After IT problems Cause Months of Underpaying (2022)*; (8) *Global Payroll Association, Monthly Payroll Errors Leave Asda Employees 'Skipping Meals' (2022)*

Digital Transformation and Automation in Payroll

Automation vs. Manual

The vast quantity of data needed to deliver payroll effectively is extremely content-rich. Those companies that have automated their manual payroll processes, freeing up payroll experts' time, have started to leverage the data to inform trends, strategies, and establish a competitive advantage in the 'war for talent'.

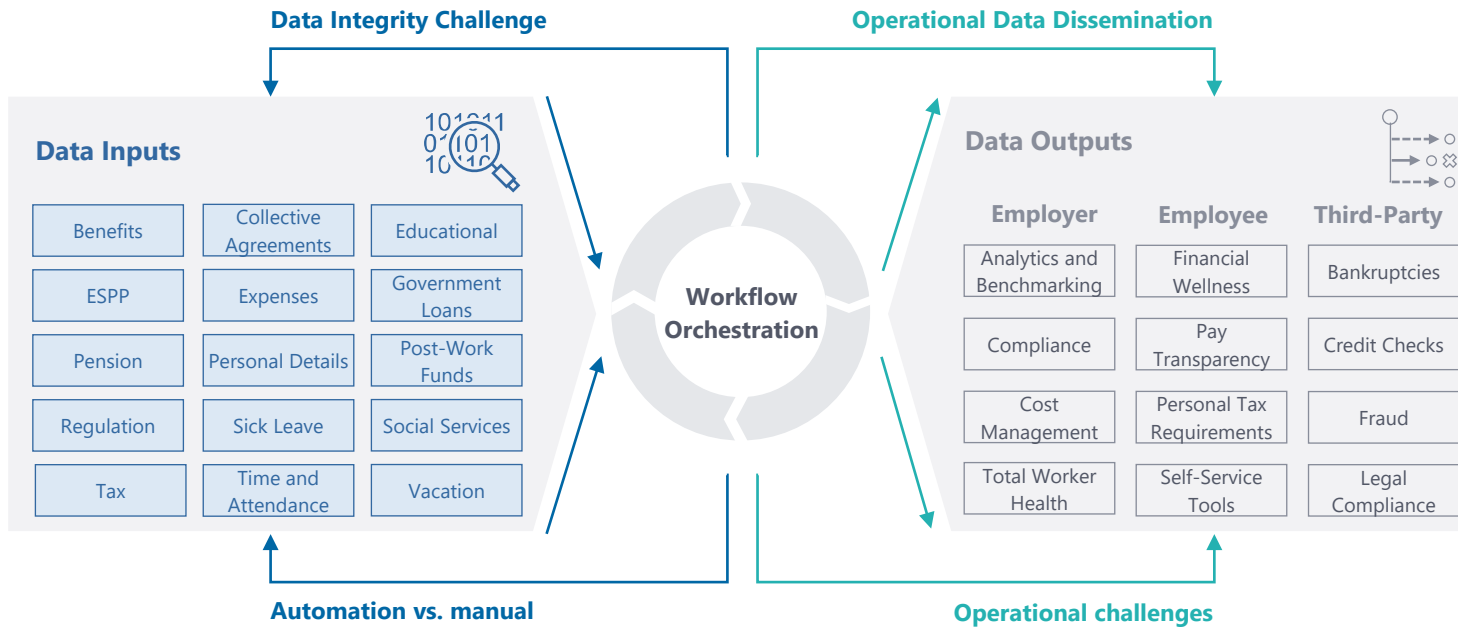
Data Analysis

Extracting, analysing, and utilising the data available is a challenge. There is a growing need to give sufficient training to payroll teams to achieve this. Indeed, Human Resources Analytics Manager has been the second-fastest-growing position in the US over the past five years.⁽¹⁾

Regulatory Trends

With increasing regulation across the globe on pay transparency, business leaders are increasingly showing the data and metrics behind their decisions to ensure compliance but also foster greater loyalty, trust, and productivity from their people.⁽²⁾

PAYROLL DIGITAL THREAD



Workforce flexibility						
Local, Direct	Global	Remote, Multi-Geo	Expats	EOR	Contractors	Gig

(1) LinkedIn Jobs on the Rise 2023: 25 U.S. Roles That Are Growing in Demand (Jan. 2023); (2) UKG: Workforce Institute 'Our 2023 Workplace Predictions' (Jan. 2023); (3) 65% of Payroll Processing, Audits and Managed Services Will Be Automated and Processed With No Manual Interventions by 2025 (Gartner, Market Guide for Multicountry Payroll Solutions (2022)); (4) 81% of Companies Are Now consulting Payroll Data to Inform Their DEI strategies; (5) ADP, How to Use Payroll Data for Good (Jan. 2023); (6) PWCs 2022 Global Digital Trust Insights Trust Survey.

BENEFITS OF GREATER AUTOMATION AND DIGITAL TRANSFORMATION



Increased Efficiency

- Optimising workflows⁽³⁾ by creating automated, standardised payroll processes minimises the risk of human error.
- Reduced manual spreadsheets and greater integration of systems reduces the need to manually upload information.
- Out-of-box APIs are easing process configuration and the burden of IT team during onboarding.



Improved Employee Experience

- Self-service tools facilitating employee onboarding, payroll set-up and access to employee benefits while alleviating the burden on requests into the payroll team.
- Until there is greater automation and data capture, faster payroll processing is going to be limited, hindering flexible workforce and pay.
- Fewer manual errors reduce the financial stress on employees from late or incorrect pay.



Greater Strategic Insights

- Providing greater alignment of data between payroll, HR, finance, and treasury functions will inform the overall business strategy.
- Tighter management of payroll costs with global visibility over time, resources, and costs.
- Growing need to consult payroll data to inform DEI^(4,5) strategies and total worker health by understanding the utilisation of holiday, health, and reward programmes.



Enhanced security

- Organisations that had improved cyber resilience over the past two years have consolidated tech vendors as a simplification move.⁽⁶⁾
- Reduced risk of security breaches when sensitive payroll data isn't handled manually.
- Electronic transactions that facilitate easier auditing reduce the risk of non-compliance and payroll fraud.

Adoption of the Hybrid Payroll Model

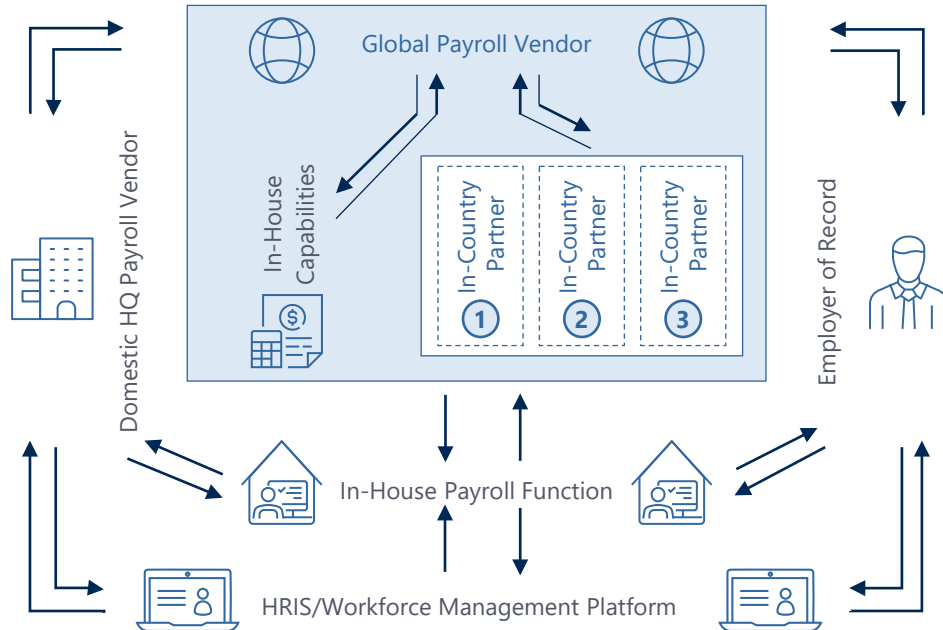
Evolving Payroll Strategies: As organisations scale from SMEs to MNCs, the optimal payroll strategy invariably shifts to help navigate increasingly complex payroll requirements. To service this complexity, organisations at first invariably attempt to stitch together a patchwork quilt of vendors, from payroll administration software, payroll bureaus, payroll managed service providers, HCM software with built-in payroll capabilities through to global payroll and aggregation software platforms. It is dealing with this transition and operational challenges that leads to the fear of inaccurate or missed payroll and is a key driver for digital transformation in payroll.

Hybrid Payroll Delivery: The resultant operational challenge of managing a myriad of different vendors, each with its own unique data formats and process requirements, has led to growing payroll consolidation. With no truly global payroll provider and companies having, on average, five payroll providers (growing to nine for companies operating in more than 30 countries), companies are forced to adopt a hybrid model to streamline operations across in-house payroll functions and a smaller group of outsourced vendors. With payroll talent and knowledge becoming hard to find and retain, remote payroll processing allows companies to benefit from in-country partners (ICPs) local knowledge of government directives, domestic tax regulation and benefit entitlements.

Rise of EOR: Payroll consolidation is also being augmented by EOR providers who are benefiting from organisations' need to adapt their strategy around remote workforces. EOR providers are no longer seen as an interim compliance and cost optimisation solution but as a strategic solution for accessing and retaining global talent in non-core territories.

Data Management and Visualisation: For those companies yet to adopt the hybrid model or consolidate their payroll vendors, the emergence of payroll workflow orchestration platforms (such as Payslip) are an alternative approach for in-house payroll functions, facilitating the extraction of payroll data in a standardized format from HRIS and workforce management platforms for local ICPs to process. These platforms provide a single, enterprise-wide interface for all global payroll operations enabling greater reporting and analysis of workforce trends.

HYBRID PAYROLL MODEL



Note: Arrows denote movement in ranking between 2019 and 2021.

(1) Deel, How to Pay Different Types of Remote Workers in Multiple Countries (2023); (2) 2021 EY Global Payroll Survey.

GLOBAL PAYROLL COMPLEXITY⁽²⁾

Europe continues to be the most complex geography for payroll, accounting for over half of the countries in the Top 10 Global Payroll Complexity Index, which ranks complexity based on mandatory legislative, reporting, process, and security regulations. The top 10 countries for complexity are:

1		France	→
2		Italy	→
3		Belgium	→
4		Germany	→
5		Spain	↑
6		Poland	↑
7		Russia	↑
8		Switzerland	↑
9		Japan	↓
10		United States	↑

KEY STATS

42% of companies outsourced payroll due to intense regulatory environments⁽²⁾

61% of companies have outsourced some or all of their payroll operations⁽²⁾

62% of companies with six or more payroll vendors incurred payroll-related fines in the past five years⁽²⁾

32% of companies operate a global payroll function⁽²⁾

Investment Opportunities Within Payroll

Truly Mission-Critical: The mission-critical nature of payroll is driving strong investor appetite and M&A activity for payroll platforms, with many having developed an internal investment thesis on the opportunities within the market.

Proven M&A Model: M&A has been a tried and tested method of accelerating organic growth that balances the defensive, low-churn nature of vendors with customer wallet expansion. M&A strategy has taken two forms: 1) stay pure to payroll and expand geographically vs. 2) payroll as the foundation of a broader HCM platform by expanding product capabilities.

Platform Scarcity: The scarcity value of sizeable payroll platforms in the market, demand from both investors and strategic parties alike and strong unit economics have manifested in premium valuations being achieved for vendors that have a highly differentiated proposition, who can demonstrate strong growth and enjoy a dominant position within a particular geography or segment.

Market Dynamics: Due to the large, stable and growing market, driven by cloud adoption and continued innovation, we expect to see continued interest in payroll platforms. However, there is likely to be greater scrutiny on the emerging trends of convergence of software and services, the impact of automation, and AI on operational leverage, workforce trends, and security.

PAYROLL BUSINESS KPIS

As well as the standard KPIs that need to be tracked, there are specific payroll KPIs that will help differentiate vendors against competitors. KPIs should be tracked on a monthly and YTD basis, with evolution over time alongside customer payroll metrics that demonstrate ROI.

01 Quality of Earnings

- Revenue growth
- Transactional revenue % (monthly payslip)
- NRR
- Gross margin
- Contracted ARR (implementation cycle)

02 Business Model

- Rule of 40
- Operational scalability (software vs. services)
- Geographic maturity (direct vs. ICP)
- Technological purity

03 Customers

- Customer wallet share
- Payslip expansion (FTE growth)
- Onboarding cycle (complexity)
- NPS
- Pipeline velocity

● KPIs With increased Scrutiny for Payroll Vendors ● Standard KPIs

(1) Business Research Insights, Payroll Outsourcing Market Report Overview (May 2023).

INVESTMENT THESIS



TOTAL ADDRESSABLE MARKET

- The global payroll outsourcing market in 2021 was \$10 billion growing at a CAGR of 6%,⁽¹⁾ with significant white space in undeveloped markets and advancements in cloud platforms driving significant transformation in the space.
- Standardisation is a key theme with a fragmented market beyond the large global players (ADP, Paycom, Workday, Paylocity, etc.), providing significant M&A opportunities.



BARRIERS TO ENTRY

- Lack of skilled payroll expertise and underestimation of the complex skills required to ensure accurate, compliant, and timely payroll execution.
- A must-have solution for companies challenged by rapidly changing payroll regulations (resulting in the need for in-country knowledge and support) and associated high cost of failure has prohibited new entrants unless through M&A.



CORE SYSTEM OF RECORD

- Payroll is seen as the driver for the employee system of record and sits at the centre of the broader HCM ecosystem.
- The mission-critical nature of payroll, combined with the apprehension for wholesale change and lack of in-house capability to manage large-scale payroll transformation, results in very sticky customer bases for payroll vendors.



PRODUCT EXPANSION

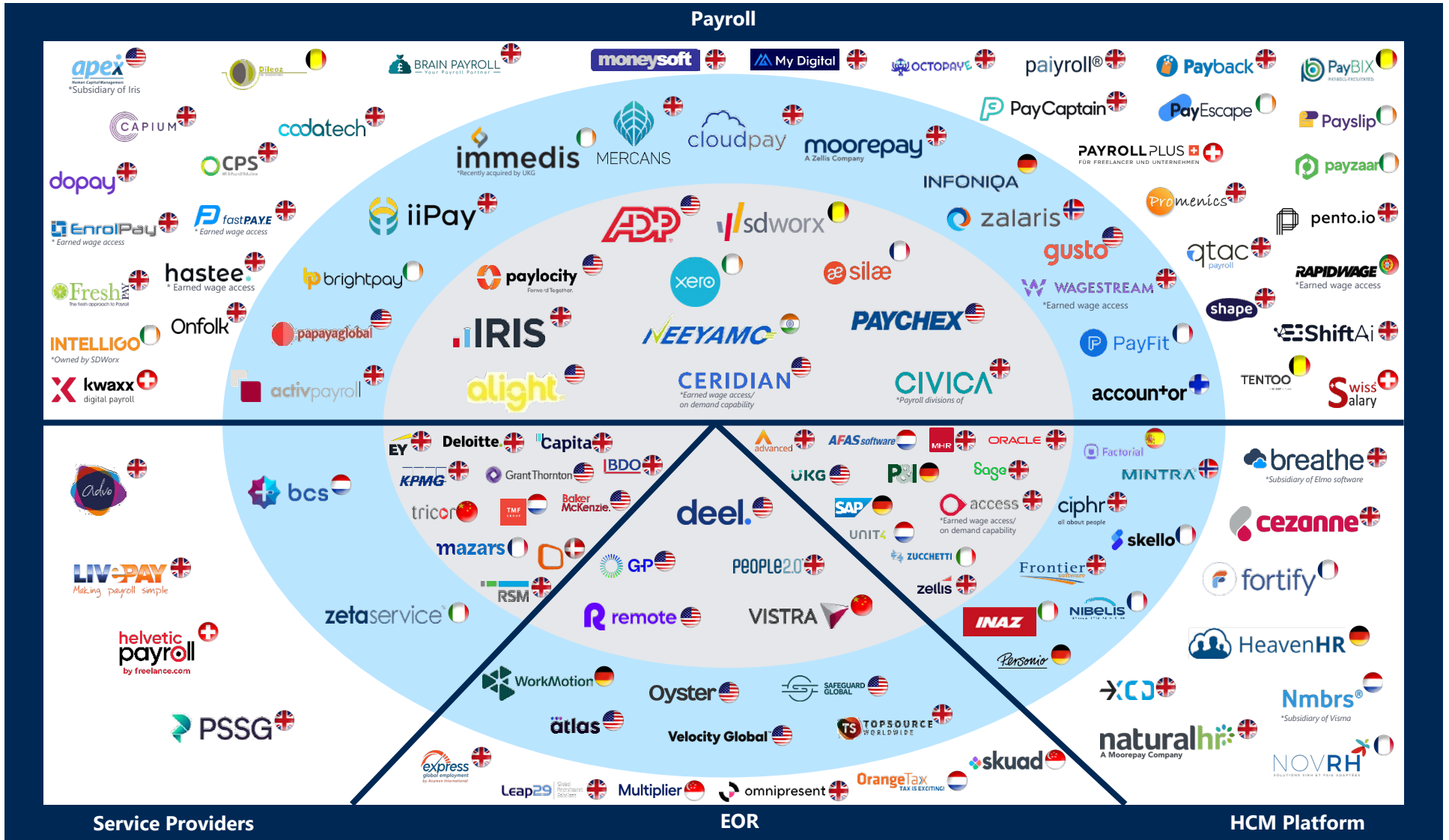
- Significant opportunity to expand product functionality and increase customer wallet share through treasury services, new payroll innovation, e.g. on-demand pay and adjacent HCM modules.
- Payroll data monetisation is expected to become a new avenue for revenue generation as payroll vendors start to utilise the rich data within their systems.



FINANCIAL KPI

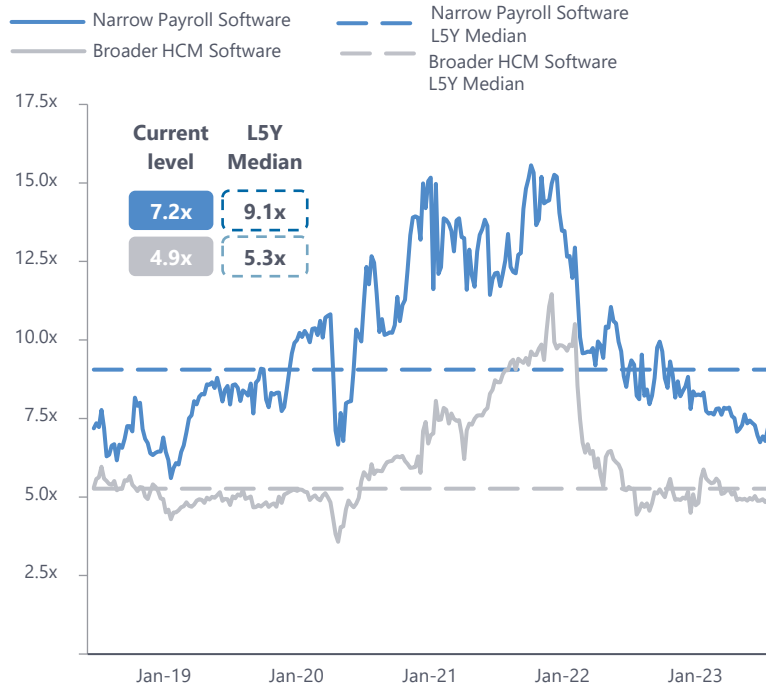
- Favourable pricing model built on # payslips plus the 'land and expand' opportunity drives strong unit economics, including recurring revenue, growth, and NRR.
- Potential for strong profit margins from the complex nature of payroll, with increased automation driving reduced manual intervention.

European Payroll and EOR Vendor Landscape

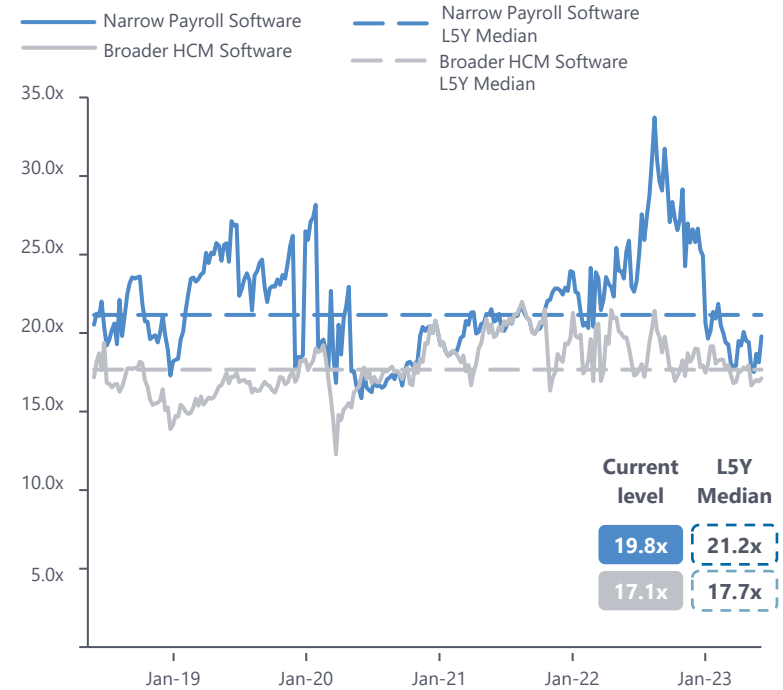


Payroll Software Valuations Have Traded at a Premium to Broader HCM Software Peers Over the L5Y

EV/Sales FY+1



EV/EBITDA FY+1



"SaaS Payroll / HR companies continue to enjoy the benefits of

- 1) pandemic push-out vs. pull-forward [...],
- 2) minimal exposure to international markets [...], and
- 3) a rising rate environment [...]."

J.P. Morgan, 7 Feb. 2023

"Due to the vast number of integrations needed with organizations underlying existing systems and the recurring nature of payroll processing, contracts span several years and relationships tend to be very sticky."

UBS, 1 June 2023

"[...] we believe payroll outperforms in a late-cycle environment as the industry is less cyclical with secular growth [...]."

Credit Suisse, 28 April 2023

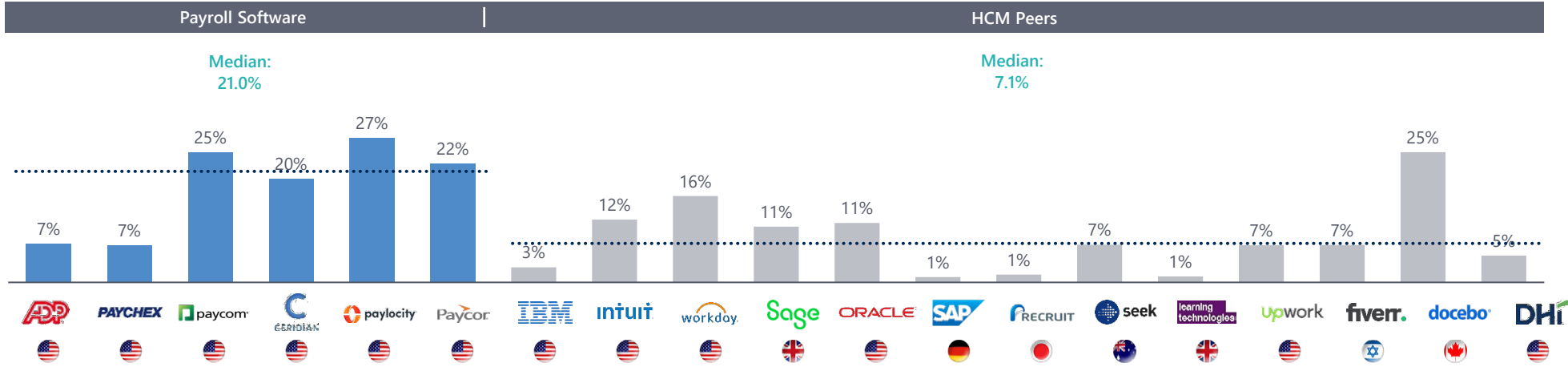
"We continue to remain positive within the Payroll/HCM subsector. [...] similar level of outperformance vs. last quarter with the top line reflecting (1) continued momentum from a favorable HR/payroll backdrop and secular trends towards cloud; (2) steady employment backdrop; (3) some upside to float."

Deutsche Bank, 17 April 2023

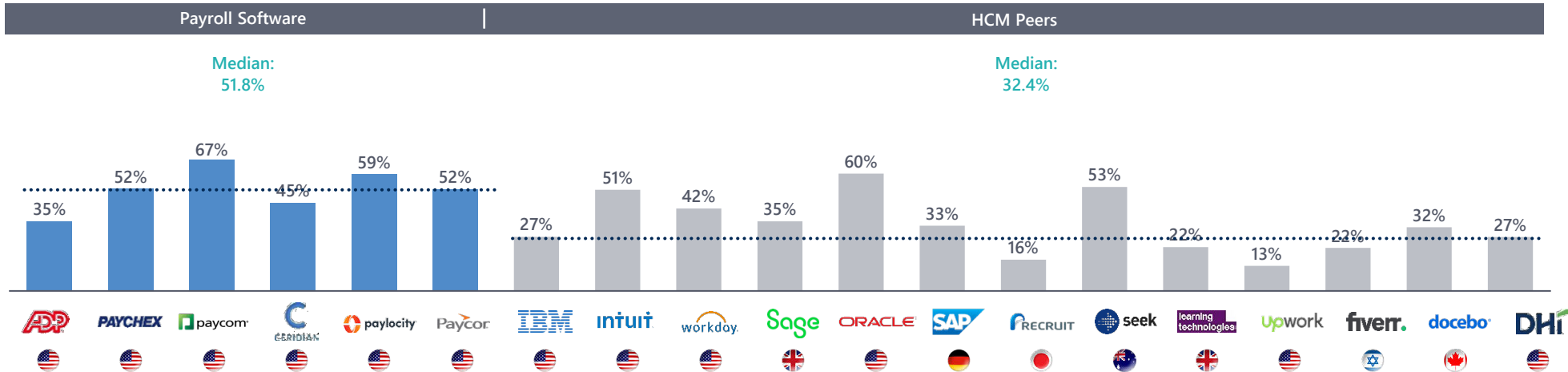
Note: EV/Sales multiples >25x and EV/EBITDA multiples >45x deemed as not meaningful (n.m.).
Source: CapIQ as at 05/06/2023.

Payroll Software Vendors Demonstrate Strong Unit Economics Across Sales Growth and Rule of 40...

YoY Sales Growth (2022A-2023E)



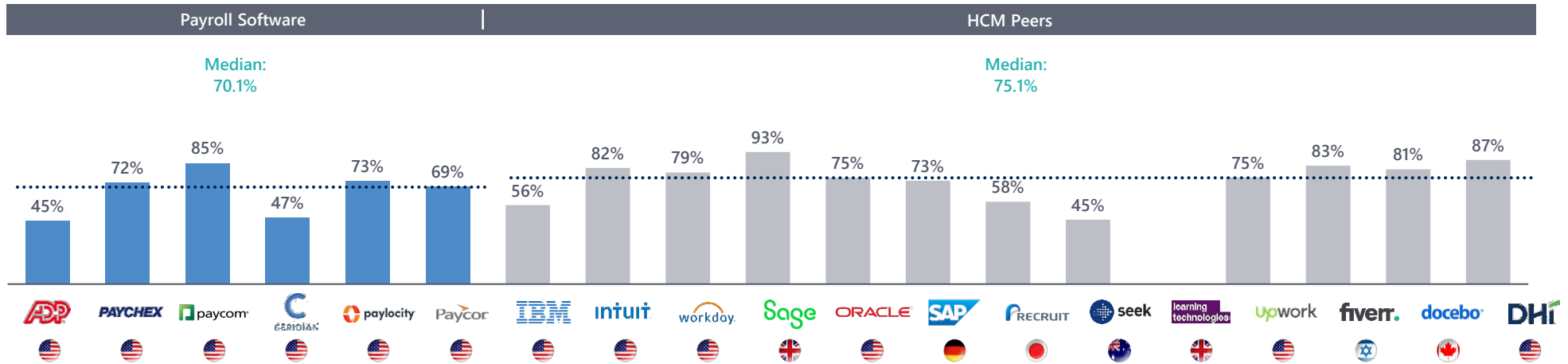
Rule of 40 2023E



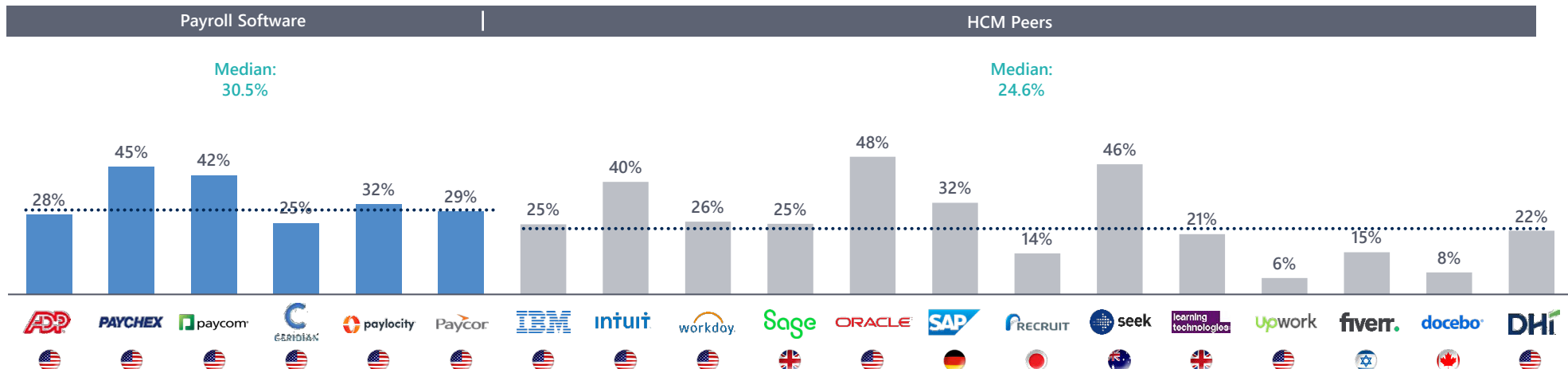
Source: CapIQ as at 05/06/2023.

...But Gross Margins Operate Slightly Below That of Broader HCM Peers, Reflective of the Complexity and Servicing Levels Required

Gross Margin 2023E



EBITDA Margin 2023E



Source: CapIQ as at 05/06/2023.

Deal Activity in the Sector Remains Strong Across Strategics and Investors...

Date	Target	Buyer	EV (m)	EV/Sales	EBITDA Margin	EV/EBITDA
Jun-23	immedis	UKG	n.a.	n.a.	n.a.	n.a.
Apr-23	Essential	Parity Software & Consulting Group TENZING	n.a.	n.a.	n.a.	n.a.
Feb-23	apex	IRIS	n.a.	n.a.	n.a.	n.a.
Nov-22	FLEX applications	VISMA	n.a.	n.a.	n.a.	n.a.
Nov-22	Integrho	sdworx	n.a.	n.a.	n.a.	n.a.
Oct-22	INTELLIGO	sdworx	n.a.	n.a.	n.a.	n.a.
Sep-22	Pay360	access	€171	3.3x	23%	14.3x
May-22	Paycheck Plus™	IRIS	n.a.	n.a.	n.a.	n.a.
Dec-21	THE TEAM COMPANIES	Cast & Crew		13.4x		35.9x
Dec-21	oima	VISMA	Confidential ⁽¹⁾			
Sep-21	bluemarble	paylocity	€51	n.a.	n.a.	n.a.
Apr-21	ADITRO	sdworx	n.a.	n.a.	n.a.	n.a.
Feb-21	Ascender	CERIDIAN	£365	5.1x	n.a.	n.a.
Jul-20	silæ	SILVER LAKE	€600	6.0x	50%	12.0x
Jan-20	activpayroll	TENZING	£103	4.4x	33%	13.4x
Dec-19	PFI	Hg	€2,000	14.0x	51%	27.4x
Nov-19	Opayo	Elavon	€264	5.7x	40%	14.3x
Aug-19	FMP Global	IRIS	£120	5.4x	28%	19.2x
Aug-18	CELERGO an ADP company	ADP	n.a.	n.a.	n.a.	n.a.
May-18	IRIS	ICG	€1,482	9.3x	43%	21.5x
Mar-18	lessor	PAYCHEX	€122	n.a.	n.a.	n.a.
Median				5.8x	39.5%	16.5x

(1) Confidential, but included in median analysis; n.a. = not available; n.m. = not meaningful
Sources: Mergermarket, 451 Research, Megabyte, Company information (as of 05/06/2023).

...Along With High Fundraising Activity Where High Valuation Levels Have Been Achieved

Date	Target		Selected Investor(s)	Series Type	Deal Size (€m)	Post Money Valuation (€m)
Mar-23	RIPLING		GREENOAKS	Series E	470	11,042
Feb-23	workpay		ACADIAN & other	Seed Round	3	n.a.
Nov-22	keka		WESTBRIDGE CAPITAL	Series A	58	n.a.
Nov-22	Hourly		CSC UPSHOT GLILOT & other	Series A	32	78
Jun-22	WorkMottor		SIPAREX & other	Series B	47	190 ⁽¹⁾
May-22	Velocity Global		NORWEST ELDRIDGE & other	Series B	377	n.a.
May-22	deel.		Emerson Collective SPARK CAPITAL & other	Series D3	47	11,330
May-22	HUM		10H CAPITAL & other	Series B	23	59
May-22	RIPLING		SEQUOIA & other	Series D	232	10,455
Apr-22	WAGSTREAM		Balderton SMASH CAPITAL & other	Series C	159	n.a.
Mar-22	Zimyo		BlackRock NORTHZONE & other	Series A	2	20
Mar-22	pave		Index Ventures & other	Series C	89	1,420
Feb-22	PAYWALLET		Areadia PABACA PruVista	Series A	12	n.a.
Jan-22	PayFit		GENERAL ATLANTIC Accel & other	Series E	254	1,820
Dec-21	pento		TIGERGLOBAL Seedcamp & other	Late Stage	44	119
Oct-21	cloudpay		RUNWAY & other		Confidential ⁽²⁾	
Nov-21	wrapbook		TIGERGLOBAL andreesen horowitz & other	Series B	86	897
Sep-21	skello		Aglae partech & other	Series B	40	200
Jul-21	deel.		COATUE LG Technology Ventures & other	Series D	358	4,640
May-21	Payslip		tribal.vc frontline & other	Series A1	8	n.a.
Mar-21	PayFit		fist Accel & other	Series D	90	485
Dec-20	immedis		LEADEDGE	Early Stage	41	488
Median						487

(1) Based on USD/EUR FX rate of 0.9494 as of 22 June 2022. (2) Confidential, but not included in median analysis; n.a. = not available.


Sources: PitchBook, company information as of 5 June 2023.

Most Active Strategic Acquirers

Company	# Payroll Investments (Since 1 Jan. 2018)	2018	2019	2020	2021	2022	2023
 IRIS	8	 STAR	 FMP Global		 APSGlobal  staffology  PAYPLUS	 myPay Solutions  Paycheck Plus	 apex
 VISMA	7	 Merit Tarkvara  ADITRO	 PROLON	 Nmbrs®	 oima  Kontek	 FLEX applications	
 access	5		 PAYROLL	 corehr Smarter HR Technology		 paycircle™  Pay360	 FastTrack 360
 ADP	4	 CELERGO an ADP company	 SOFTCOM Simplified Technology	 BenefitVall MULTI-COUNTRY COMPLIANCE			
 sdworx Result driven HR	4			 ADITRO	 ADITRO	 Integrho	 INTELLIGO
 CERIDIAN	3			 EXCELITY	 Ascender  adam		
 PSSG	3				 Online Payrolls	 Peopletime	 Essential Payroll

Source: Mergermarket as of 5 June 2023.

Most Active Financial Sponsors

Company	# Payroll Investments (Since 1 Jan. 2018)	2018	2019	2020	2021	2022	2023
 FP FRANCISCO PARTNERS	8		 		 	 	 
 AKKR ACCEL-KKR	7		  		 		
 TIGERGLOBAL	5				   	 	
 EURAZEO	4		 		 	 	
 	4	 	 				
 	3			  			
 SILVER LAKE	3				 		

Source: Mergermarket as of 05 June 2023.



03

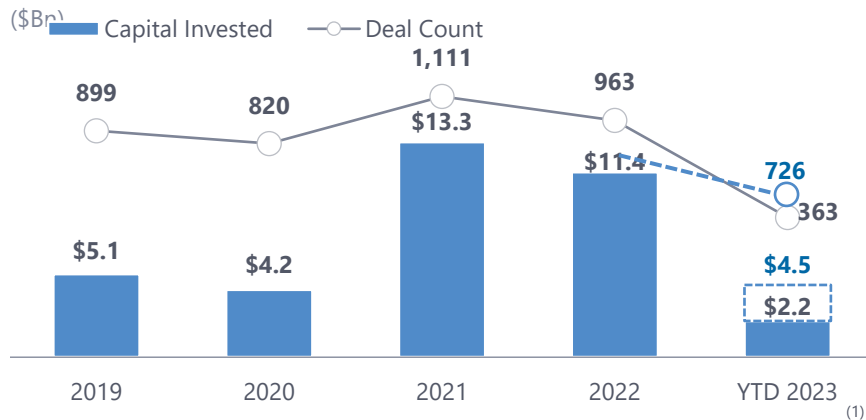
Q2 2023 HCM TECHNOLOGY MARKET UPDATE

Executive Summary – 2023 Market Update

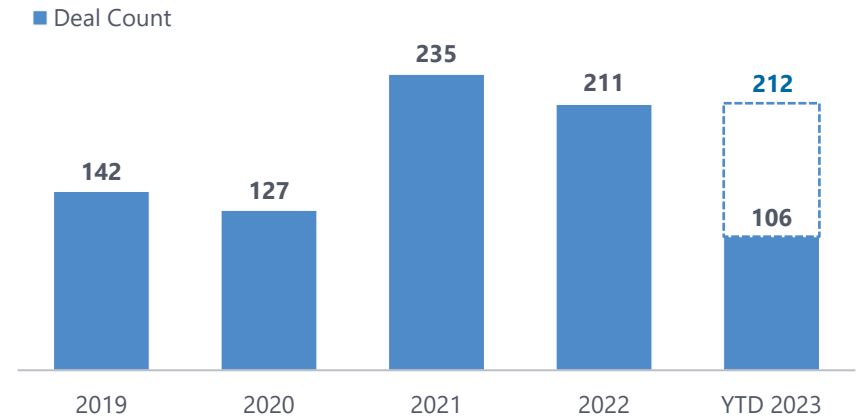
HCM Investment Remains Below Record Pandemic Levels as a Market Pullback Causes Investors to Reevaluate Theses in the Category.

- Despite public market valuations, investment activity continues in HCM technology as investors seek to capitalise on the growing importance of technology in a revolutionised work environment.
- The pandemic caused widespread changes to the way people work, and companies are increasingly dependent on technology to manage their workforce.
 - HR technology companies raised approximately \$2.2 billion of private investment in YTD June 2023.⁽¹⁾
- Despite current market uncertainty, ongoing competition for qualified workers has amplified the importance of employee experience and shifted power dynamics between workers and employers.
 - Demand for solutions that address the needs of a remote workforce, improve hiring and training efficiency, and increase retention has fueled increasing investment and created new categories in HCM technology.
- Emergence of innovative point solutions that address critical challenges has created a fragmented market that is ripe for consolidation.
 - YTD June 2023 M&A volumes remain nearly on track to match 2022, with 106 announced transactions.⁽¹⁾

HCM Technology Venture Capital and Growth Equity



HCM Technology Mergers and Acquisitions



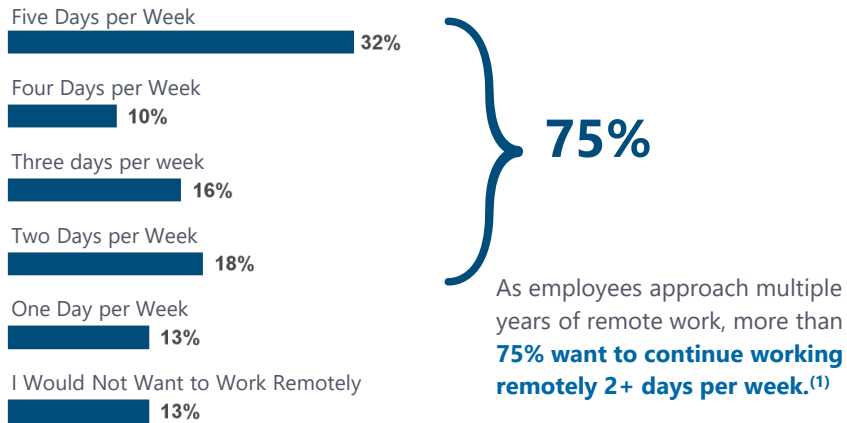
(1) YTD as of 6/30/2023.
Source: Pitchbook.

 Indicates Annualized Figures

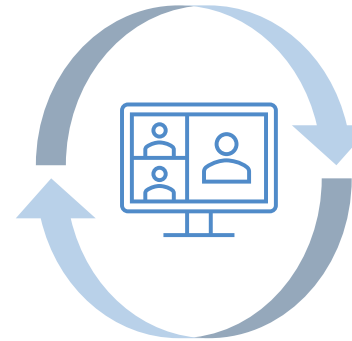
The Future of Work Is Driving Investment in HCM Tech

Employers expect to increase investments in HCM software to improve retention and productivity across their remote workforce.

1 The Future of Work is Remote



2 Declining Workforce Collaboration and Loyalty

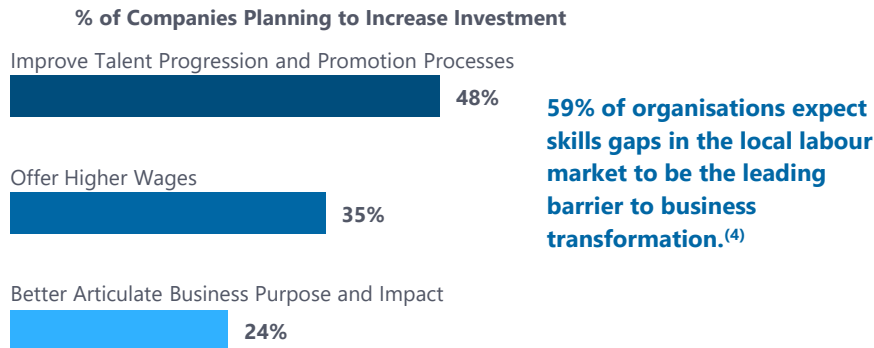


20%+ remote workers believe flexible arrangements create multiple working obstacles, including declining collaboration.⁽¹⁾

More than **48 million employees quit their job voluntarily in 2022.**⁽²⁾

39% of all workers work exclusively at home or work hybrid.⁽³⁾

3 Growing Importance of Skilled Talent



4 Companies Are Investing in Technology To Support Connectivity and Increase Retention

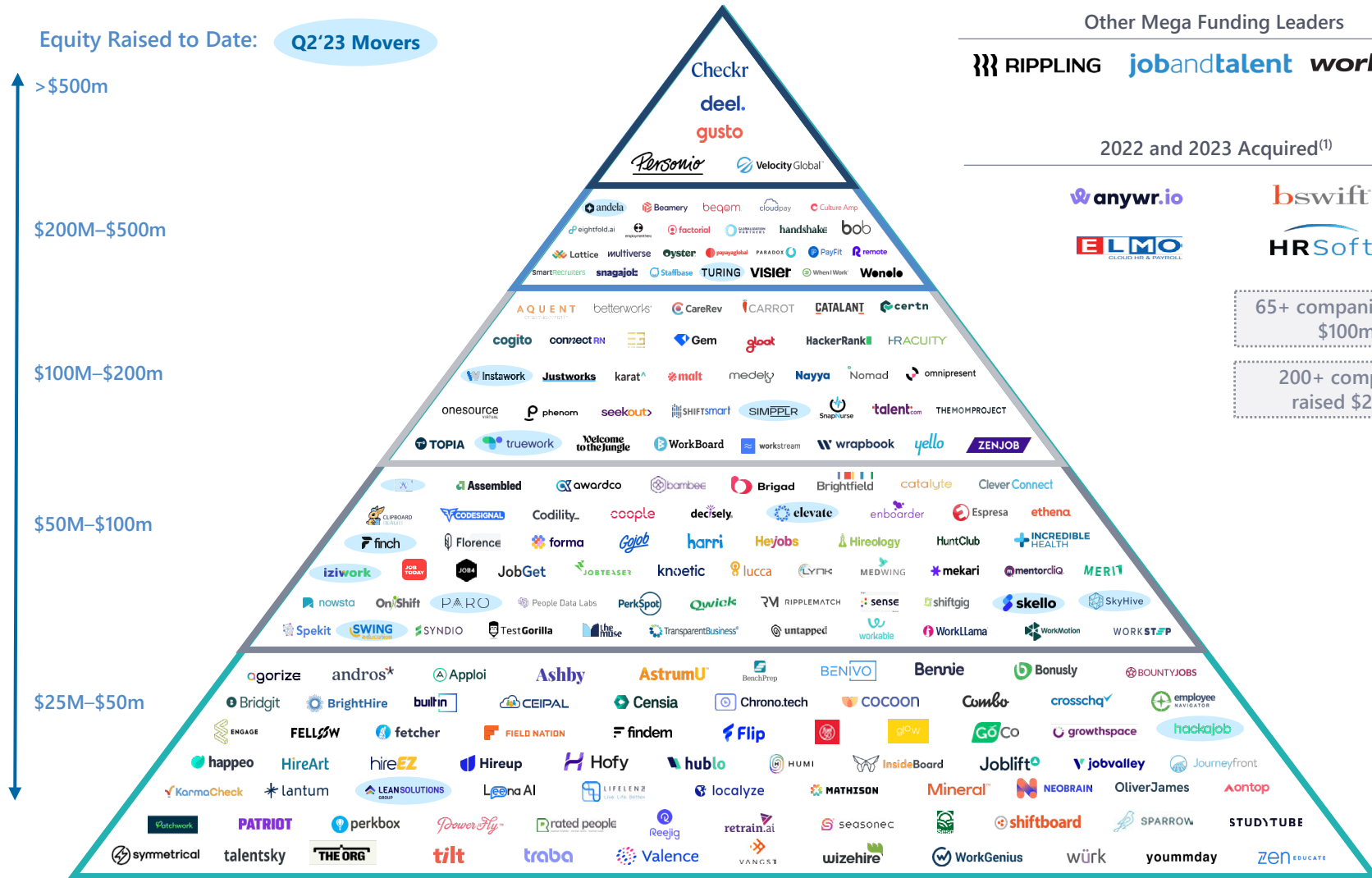


Being omni-connected accounts for 59% of someone's intention to stay with a company.⁽⁵⁾

(1) McKinsey American Opportunity Survey, 23 June 2022. (2) CNBC, 5 January 2023. (3) Statista, US Adults Working From Home Habits 2022, 6 June 2023.

(4) World Economic Forum, Future of Jobs Survey, April 30, 2023. (5) Accenture Future of Work Study, November 29, 2022.

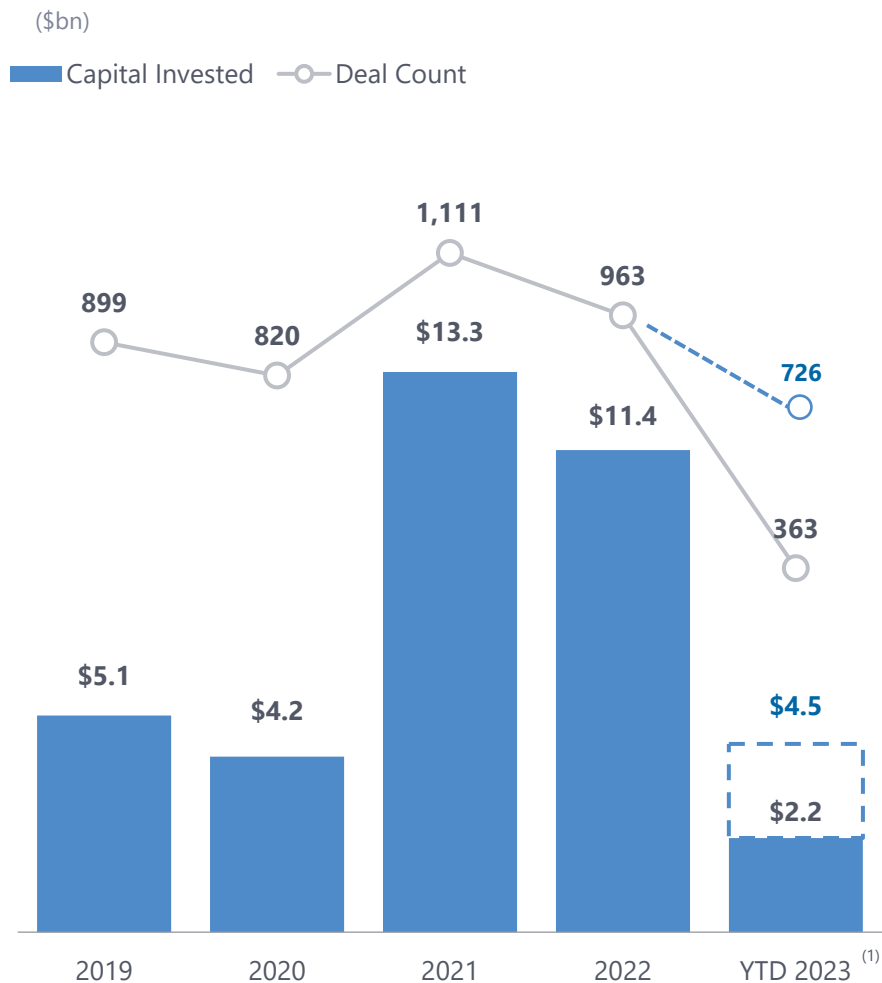
HCM Private Company Funding Leaders



Note: Equity raised to date as of 30 June 2023.
 Sources: Pitchbook, CB Insights, company filings, company websites, press releases.
 (1) Based on transaction announced date.

HCM Venture Capital and Growth Equity Deal Dashboard – 2023

HCM Venture Capital and Growth Equity Activity



Source: Pitchbook.
(1) YTD as of 30 June 2023.

□ Indicates Annualized Figures

HCM Venture Capital and Growth Equity Transactions

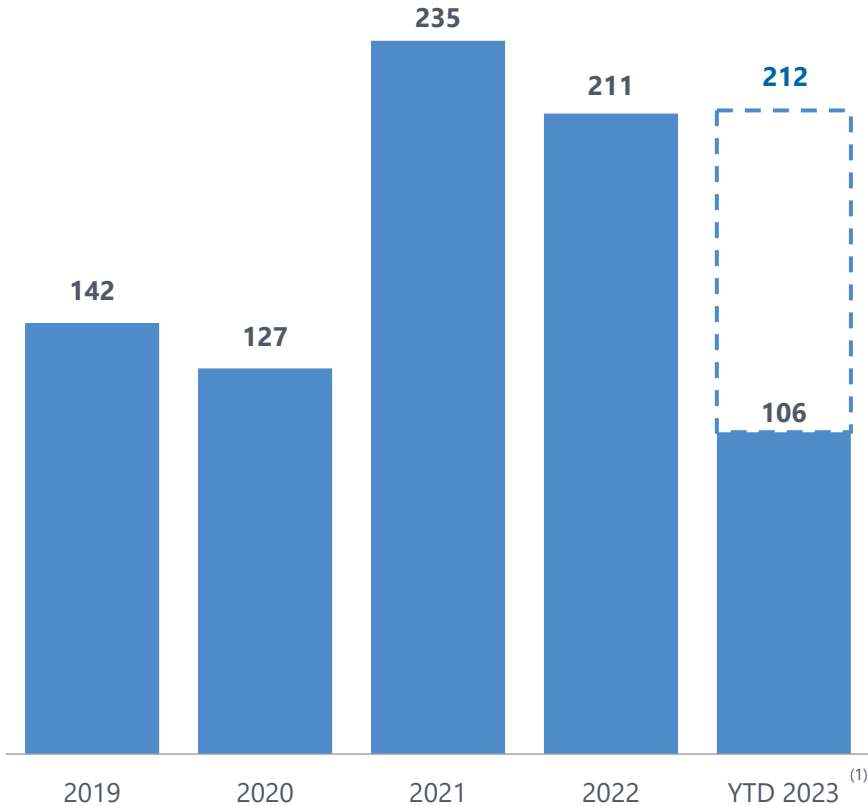
(\$m)

Date	Company	Selected Investor(s)	Subsector	Amt. Equity Invested
Jun 14	HUMANLY	Polymath Capital Partners	Hiring Tools	\$17
June 1	SWING	Apax	Recruiting	\$38
May 18	Instawork	TCV	Contingent Labor	\$60
May 3	hackajob	VOLITION CAPITAL	Recruiting	\$25
May 2	SIMPLR	SAPPHIRE VENTURES	Employee Engagement	\$70
Apr 11	elevate	anthemis	Compensation & Benefits	\$28
Mar 13	RIPPLING	GREENOAKS CAPITAL PARTNERS	HRIS	\$500
Mar 9	mentorcliQ	PSG	Employee Engagement	\$80
Feb 22	finch	GENERAL CATALYST MENLO VENTURES	Payroll	\$40
Jan 26	Welcome to the Jungle	blisce CIPRO PARTNERS	Hiring Tools & Marketplaces	\$49
Jan 25	@JOBBER	GENERAL ATLANTIC	Contingent Labor	\$100

HCM M&A Deal Dashboard – 2023

HCM M&A Activity

■ Deal Count



Source: Pitchbook.
 (1) YTD as of 30 June 2023.

Indicates Annualized Figures

HCM M&A Transactions

(\$M)

Date	Target	Buyer	Subsector	Enterprise Value
Jun 6	Flashbrand	NEOBRAIN	Employee Feedback	N/A
May 31	broadbean technology	VERITONE	Hiring Tools	\$52
May 16	Reward Gateway	Edenred	Compensation & Benefits	~\$1,400
May 9	Modern Hire	HireVue	Hiring Tools	\$375
Apr 26	Vc.b	Paycor	Learning	N/A
Apr 4	Inquirovitae	HIRE RIGHT	Onboarding	N/A
Mar 30	KnowledgeVine	Alliant	Performance & Succession	N/A
Mar 8	SECURITY MENTORING	matrix	Onboarding	\$17
Feb 28	apex Human Capital Management	IRIS	Payroll	N/A
Jan 31	intelliHR	humanforce	HRIS	~\$57
Jan 31	TalVista	clovers	Talent Acquisition	N/A

HCM Technology Transaction Timeline

Sustained M&A and capital markets activity has accelerated in the past several years with continued momentum in 2023.



Recent Highlighted Transactions

Maguar Capital's Investment in **Hrworks** | Announced 8 May 2023



Investment in



- Developer of integrated human resource software serving small and medium-sized companies.
- The company provides time management, travel expenses, personnel management, recruiting, corporate benefits, personnel administration, and preparatory payroll accounting for all users - from the executive board to the management to the workforce.
- The funds provide additional capital for add-on transactions and a wider range of organic growth initiatives.

Hrworks Profile:

- Founded 1998
- Freiburg, Germany
- Transaction valuation of \$253m

Sapphire Venture's Series D Investment in **Simplr** | Announced 2 May 2023



Series D investment in



- Developer of an employee experience platform designed to simplify employee communication.
- The company's software helps companies to connect their workforce by streamlining internal communications and forging employee connections and it features the ability to create virtual headquarter and company newsroom, enabling companies to align and engage their entire workforce across the enterprise.
- The funds will be used toward growing the company's workforce and supporting ongoing product R&D.

Simplr Profile:

- Founded 2014
- Redwood City, California
- Transaction valuation of \$550m

Greenoaks Capital's Series E Investment in **Rippling** | Announced 13 March 2023



Series E investment in



- Provider of an employee management platform intended to help eliminate the administrative work of running a company.
- The company's platform helps to manage employee data and operations including onboarding, offboarding, payrolls, tax forms, email accounts, and keycard access, enabling companies to onboard new employees seamlessly.
- The financing will support the company's continued growth and shore up the balance sheet after the SVB collapse.

Rippling Profile:

- Founded 2012
- San Francisco, California
- Transaction valuation of \$11.75bn

General Atlantic's Series D Investment in **Jobber** | Announced 25 January 2023



Series D investment in


















































- Developer of job tracking and customer management software designed to manage home service companies.
- The company sells its solutions on a subscription basis, typically through annual contracts with employers.
- The financing will support the company's continued growth through investments in R&D, sales and marketing, and new customer acquisition.

Jobber Profile:

- Founded 2011
- Edmonton, Alberta

Sources: Pitchbook, 451 Research.





































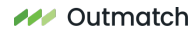



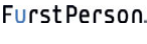
























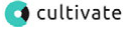



Most Active Selected Public HCM Consolidators

Company	# Investments (Since 1 Jan. 2019)	Selected Targets							
 Sage (LSE:SGE)	14	 2023	 2022	 2022	 2022	 2022	 2022	 2021	 2021
 CERIDIAN (NYSE:CDAY)	8	 2021	 2021	 2021	 2021	 2020	 2019	 2019	
 intuit (NASDAQ:INTU)	8	 2021	 2021	 2020	 2020	 2019	 2019		
 workday (NASDAQ:WDAY)	5	 2021	 2021	 2021	 2019				
 paylocity (NASDAQ:PCTY)	4	 2022	 2021	 2020	 2020				
 smartsheet (NYSE:SMAR)	4	 2022	 2020	 2019	 2019				
 fiverr. (NYSE:FVRR)	4	 2021	 2021	 2021	 2019				
 ADP (NASDAQ:ADP)	2	 2023	 2021						

Sources: Pitchbook, 451 Research.

Most Active PE-Backed HCM Consolidators











































Rationales for buyers have included geographic expansion, product portfolio expansion, and technology advancements.

Company	Sponsor	# Investments (Since 1 Jan. 2017)	Targets
 Bullhorn	 Stone Point Capital	11	 SourceBreaker 2022  able 2022  cubel9 2021  ((sirenum)) 2021  herefish 2020  erecruit 2019  invenias 2019
 UKG	 Blackstone	11	 immedis 2023  QUORBIT 2022  Ascentis 2022  interboro 2022  SpotCues 2022  Great Place to Work 2021  EverythingBenefits 2021
 elb Learning	 RLG Capital	9	 COREAXIS 2022  origin learning 2022  rehearsal 2022  The Glass Agency 2021  knowledge link 2020  Trivantis 2020  cognitiveadvisors 2019
 JOBVITE		8	 LEVER 2022  NXTThing 2021  JazzHR 2021  talentegy 2020  PREDICTIVE PARTNER 2020  canvas 2019  Talemetry 2019
 Outmatch	 RUBICON	7	 harver 2021  Checkster 2020  FurstPerson. 2020  LAUNCHPAL 2020  THE DEVINE GROUP 2019  wepow 2018  POMELLO 2017
 icims	 TA ASSOCIATES	7	 SKILLSURVEY 2022  CandidateID 2022  altru. 2020  EASYREERUE 2020  opening 2020  jibe 2019  TextRecruit 2018
 cornerstone	 CLEARLAKE	7	 TALESPIN 2022  sumtotal 2022  edcast by cornerstone 2022  saba 2020  clustree 2020  grova 2019  workpop 2018
 Perceptyx	 Delta-v Capital	4	 cultivate 2022  CultureIQ 2021  waggl 2021  KANTAR TNS. 2020

Sources: Pitchbook, 451 Research.

Most Active Financial Sponsors

High investor activity of platform acquisitions, add-ons, and financings as investors with experience continue to double down.

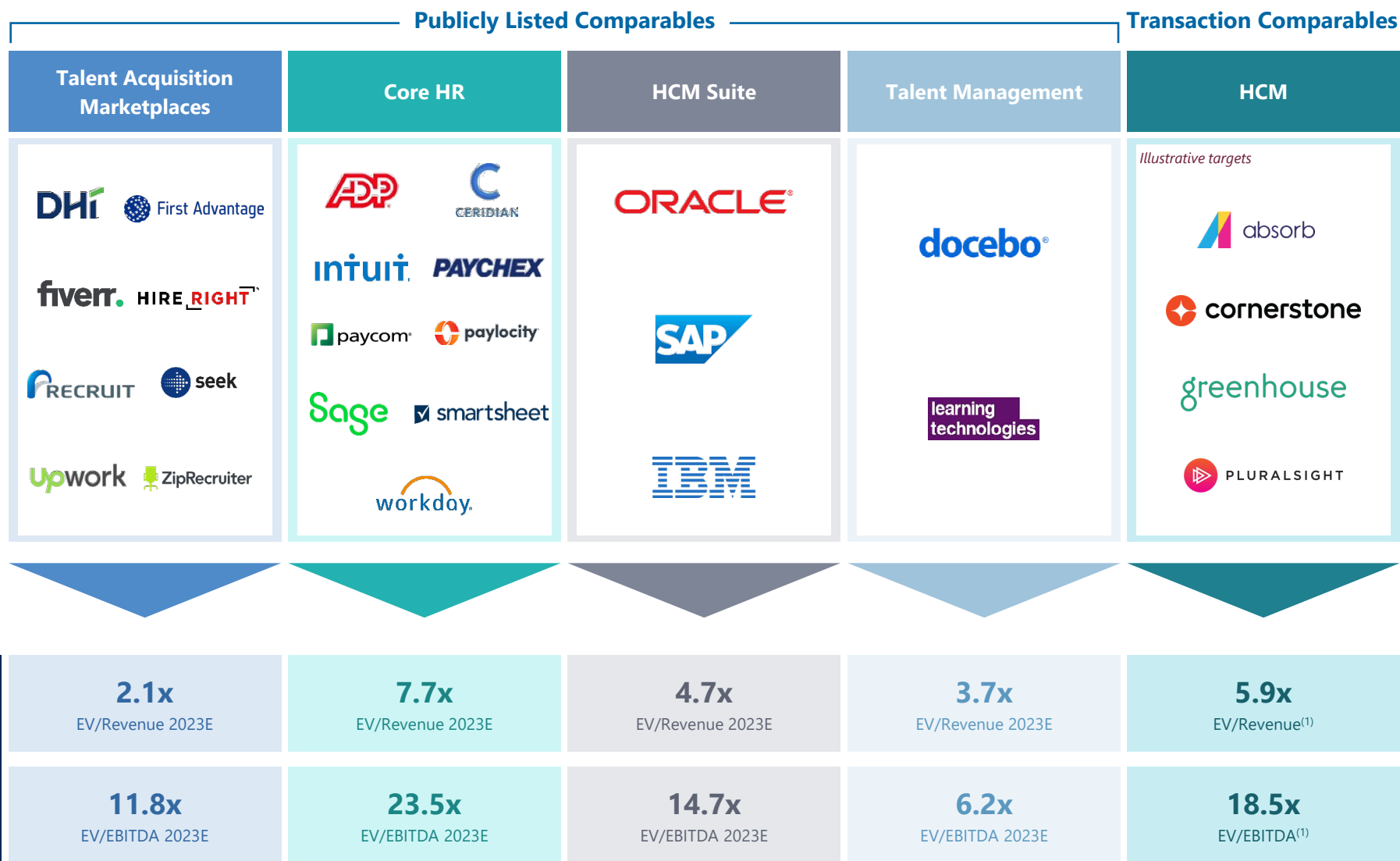
Sponsor	# Investments (Since 1 Jan. 2017)	Targets						
 Hg	29	 HRdownloads 2023	 dottie. 2023	 Circa 2023	 Trakstar 2023	 FLEX applications 2022	 talentReef 2022	 woffu 2022
 TA ASSOCIATES	18	 icims 2022	 COMPARABLY 2022	 Compright 2022	 VINCERE 2021	 AttenIX 2021	 antibia 2021	 Definitiv. 2021
WARBURG PINCUS	15	 2023	 dottie. 2023	 FLEX applications 2022	 woffu 2022	 Sólides 2022	 appical 2022	 Kontek 2021
 TPG	14	 dottie. 2023	 FLEX applications 2022	 HUSYS 2022	 woffu 2022	 appical 2021	 Alaya by benevity 2021	 INTERSELLER 2021
 V	14	 INNOVAPPTIVE 2023	 candidateID 2022	 ellucian. 2021	 EASYRECRUE 2020	 Clear Review 2020	 mitrefinch 2020	 Se 2020
 AKKR ACCEL-KKR	12	 intelliHR 2023	 ENTO 2022	 humanforce 2022	 WizzPass 2021	 endalia 2020	 Sandata 2020	 KWANTEK 2020
STONE POINT CAPITAL	12	 Smiles 2023	 Utmost 2022	 workterra 2022	 Source Breaker 2022	 beeline 2022	 Able 2022	 businessolver 2021
 ICG	12	 AETEA 2023	 dottie. 2023	 FLEX applications 2022	 woffu 2022	 appical 2021	 CONARC 2021	 Kontek 2021

Other Active HCM Tech Investors



Sources: Pitchbook, 451 Research.

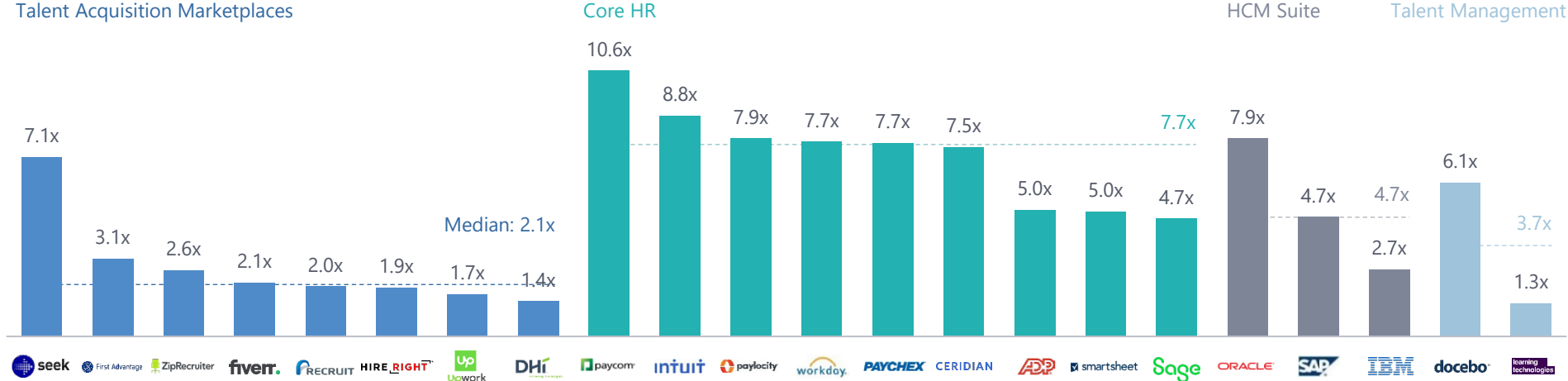
HCM Technology Valuation Environment



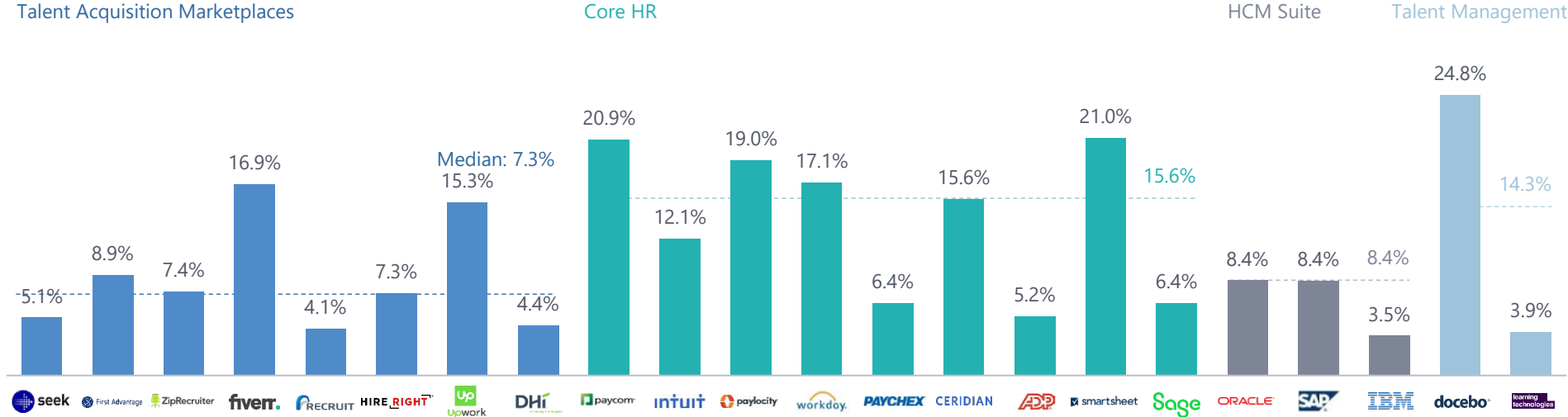
(1) Reflects median valuation multiples of selected precedent transactions from 1 Jan. 2017 through 30 June 2023.
Source: S&P Capital IQ; Trading data as of 30 June 2023.

Comparable Public Company Benchmarking

EV/2023E Revenue Multiple



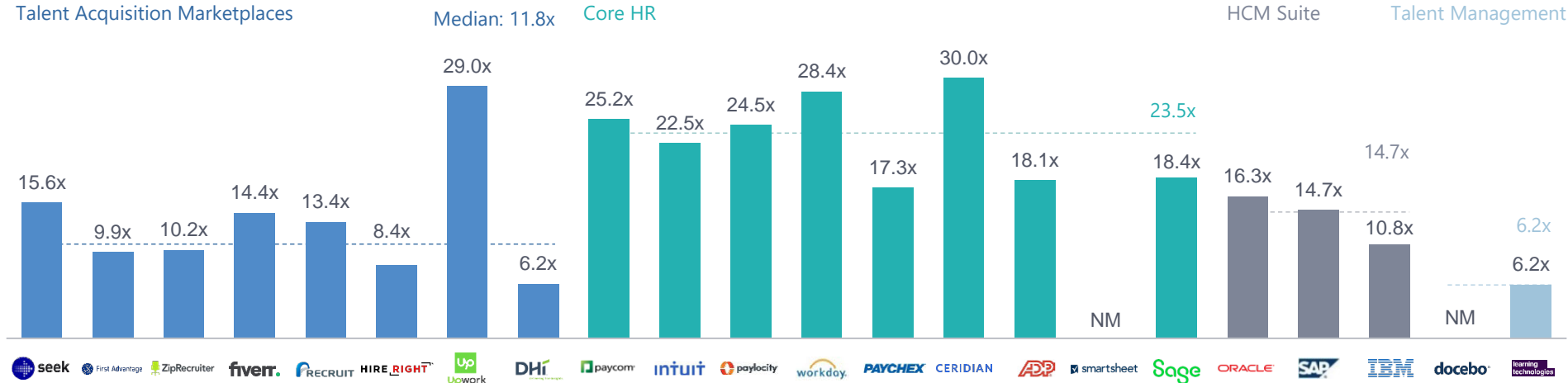
2023E-2024E Revenue Growth



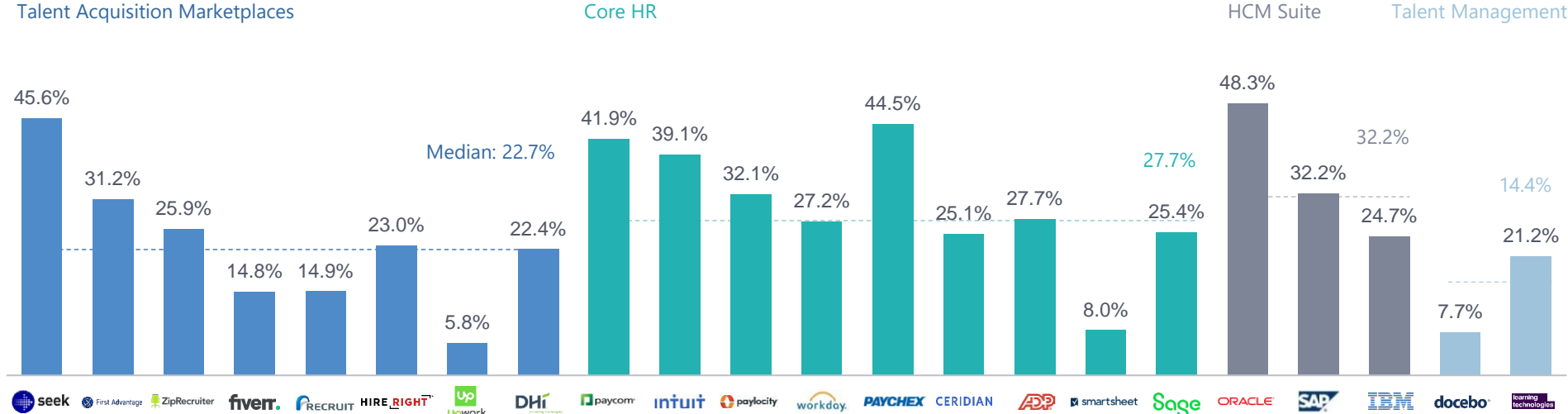
Source: S&P Capital IQ; Trading data as of 30 June 2023.

Comparable Public Company Benchmarking (cont.)

EV/2023E EBITDA Multiple

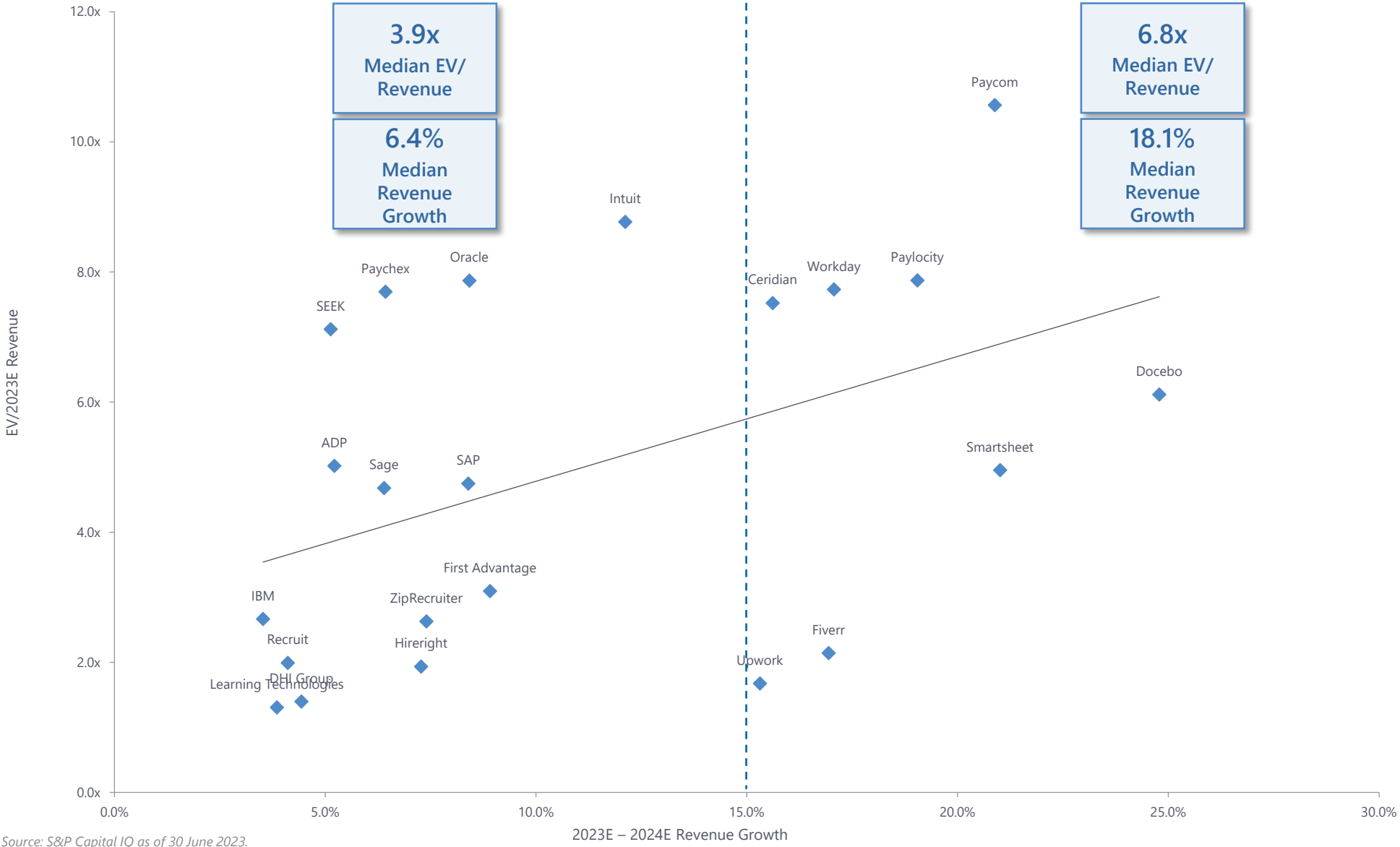


2023E EBITDA Margin



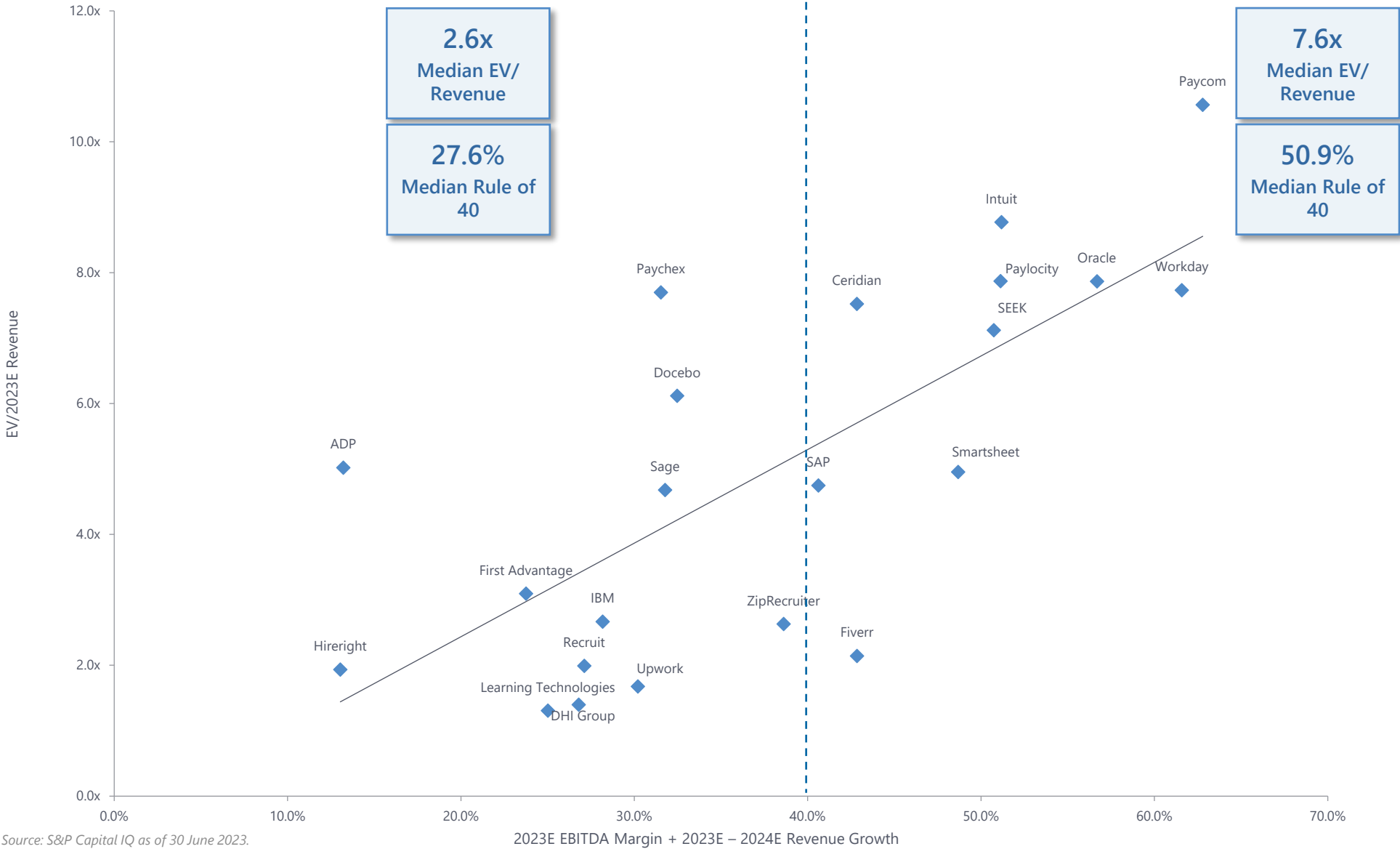
Source: S&P Capital IQ; Trading data as of 30 June 2023.
 Note: NM defined as EBITDA multiple <0x or >50x.

Public HCM Valuations are Minimally Correlated to Revenue Growth





























Source: S&P Capital IQ as of 30 June 2023.
R-Squared = 0.20.

Public HCM Valuations Highly Correlated to EBITDA Margin + Revenue Growth


























Source: S&P Capital IQ as of 30 June 2023.
R-Squared = 0.53.

Precedent Transactions

Announced Date	Acquirer	Target	Description	EV (\$m)	LTM Rev (\$m)	EV/LTM Rev
7/6/23	 GROWTHCURVE	 NETCHEX	Developer of cloud-based payroll, human resources and benefits software products intended to serve enterprises.	NA	NA	NA
6/6/23	 NEOBRAIN	 Flashbrand	Developer of a real-time employee feedback mobile and web app designed to help employees get better faster.	NA	NA	NA
31/5/23	 VERITONE	 broadbean	Provides talent attraction, engagement, and acquisition management SaaS and related mobile applications.	\$52	N/A	N/A
16/5/23	 Edenred	 Reward Gateway	Provides HR-related employee engagement, benefits management, and team collaboration SaaS and related mobile applications.	~\$1,400	N/A	N/A
9/5/23	 HireVue	 Modern Hire	Provides AI-based human resource hiring SaaS and related APIs for businesses globally.	\$375	N/A	N/A
 9/5/23	 MAGUAR Continuation Fund I	 HRWORKS	Provides time management, travel expenses, personnel management, recruiting, and corporate benefits.	\$253	NA	NA
 26/4/23	 Paycor	 Vcib	Provides people learning and development SaaS.	NA	NA	NA
30/3/23	 Alliant	 KnowledgeVine	Provides human performance improvement, training, and workforce management SaaS to businesses globally.	NA	NA	NA
8/3/23	 matrix	 SECURITY WATCHDOG Part of Capita plc	Provides pre- and post-employment screening, clinical records, and social media and background check SaaS.	\$16.6	\$33.4	0.5x
2/3/23	 ZVOOVE your next move	 ProSolution® Business Software Technology	Provider of enterprise resource planning services intended to serve medium-sized to large temporary staffing providers.	NA	NA	NA
22/2/23	 EMPYREAN	 enspire	Operator of an employee engagement platform intended to improve the employee experience.	NA	NA	NA
10/2/23	 FP FRANCISCO PARTNERS	 GREENSLATE	Provides payroll and production accounting SaaS and related mobile application for businesses in the entertainment sector in the US.	NA	NA	NA




























Sources: PitchBook, 451 Research, S&P Capital IQ as of 30 June 2023.

Precedent Transactions (cont.)

Announced Date	Acquirer	Target	Description	EV (\$m)	LTM Rev (\$m)	EV/LTM Rev
31/1/23	humanforce	intelliHR	Provides an HR cloud-based platform that offers analytics, people management, and automation.	\$57.6	\$3.6	15.9x
9/1/23	 GMS	 SIMPEO	Developer of a software platform designed to help businesses in payroll management.	NA	NA	NA
7/12/22	 INSIGHT PARTNERS	 Riviera PARTNERS	Provides AI-based executive search and recruiting SaaS to businesses.	NA	NA	NA
1/12/22	 AWAR	 GeoPro	Provides employee check-in and safety alert monitoring SaaS and related mobile applications for businesses.	NA	NA	NA
22/11/22	 MAIN CAPITAL PARTNERS	 timeplan	Provides workforce management SaaS, APIs, and related mobile applications for businesses in Europe.	NA	NA	NA
15/11/22	 payscale	 agora	Provides workforce compensation management SaaS for businesses in the US.	NA	NA	NA
3/11/22	 UKG	 QUORBIT	Provides AI-based strategic workforce planning SaaS to businesses in the UK.	NA	NA	NA
1/11/22	 VOYA FINANCIAL	 Benefitfocus	Provides corporate benefits administration and analytics SaaS for employers, insurance carriers, and brokers globally.	587.7	254.9	2.3x
25/10/22	 icims	 SKILLSURVEY	Provides talent intelligence SaaS and related APIs for businesses in the US.	180.0	35.0	5.1x
25/10/22	 K1	 ELMO CLOUD HR & PAYROLL	Provides HR and payroll management SaaS, APIs, and related mobile application to businesses globally.	337.8	58.6	5.8x
19/10/22	 Houlihan Lokey  LDC BACKING AMBITION FOR THE FUTURE	 Talos360	Developer of talent acquisition and employee engagement platform intended to help firms attract, engage, and retain suitable candidates.	NA	NA	NA
13/10/22	 Paycor	 Talenya	Provides big data and AI-based recruitment management SaaS and related APIs to businesses globally.	NA	NA	NA








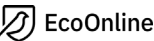


















Sources: PitchBook, 451 Research, S&P Capital IQ as of 30 June 2023.

Precedent Transactions (cont.)

Announced Date	Acquirer	Target	Description	EV (\$m)	LTM Rev (\$m)	EV/LTM Rev
11/10/22	 businessolver	 workterra	Provides HR benefits administration and enrollment SaaS and related mobile applications for businesses in the US.	NA	NA	NA
4/10/22	 EMPLOYBRIDGE	 bluecrew	Provides AI-based labour and workforce management SaaS for businesses in the US.	NA	NA	NA
30/8/22	 ApplyDirect	 SCOUT TALENT <small>SEE PEOPLE FIRST</small>	Provides talent acquisition SaaS, open APIs, and related mobile application for businesses.	44.8	10.4	4.3x
17/8/22	 FP FRANCISCO PARTNERS	 SAP Litmos	Provides learning management SaaS, open-source based APIs, and related mobile application for businesses	NA	NA	NA
 15/8/22	 GRO CAPITAL	 Netigate	Developer of a cloud-based experience management platform intended for employees and customer reviews.	NA	NA	NA
10/8/22	 MITRATECH	 talentReef	Provides HR and talent management SaaS and related APIs for businesses.	110.0	29.7	3.7x
9/8/22	 Roper TECHNOLOGIES	 viGlobal <small>Unleash Your People's Potential</small>	Provides people management SaaS for businesses globally.	NA	NA	NA
2/8/22	 employ	 LEVER	Provides recruitment SaaS for the HR department in enterprises.	NA	NA	NA
19/7/22	 REDBIRD CAPITAL PARTNERS	 talent systems	Provides casting and auditioning SaaS for businesses in the entertainment industry globally.	NA	NA	NA
 15/7/22	 MAGUAR	 Effactory	Provides employee listening and management SaaS intended to provide insight into the feedback and ideas of employees.	NA	NA	NA
15/7/22	 Bullhorn	 SourceBreaker	Provides cloud computing and AI-enabled recruitment management, candidate sourcing, and matching.	NA	NA	NA
 12/7/22	 FTV CAPITAL	 SingleOps	Developer of business management software focused on growing companies in the green industry.	NA	NA	NA

Sources: PitchBook, 451 Research, S&P Capital IQ as of 30 June 2023.

Precedent Transactions (cont.)

Announced Date	Acquirer	Target	Description	EV (\$)	LTM Rev (\$m)	EV/LTM Rev
7/7/22	 toast	 SLING <small>by Toast</small>	Provides employees with scheduling, communication, and management SaaS, APIs, and related mobile applications for businesses.	NA	NA	NA
1/7/22	 experian.	 PAY DASHBOARD	Provides digital pay slips management SaaS and related open APIs for businesses in the UK.	NA	NA	NA
 23/6/22	 trackforce VALIANT	 TRACK TIK	Leading cloud-based workforce management solution in the physical security industry.	NA	NA	NA
14/6/22	 EcoOnline	 StaySafe	Provides lone workers protection SaaS, related mobile app, and wearable GPS tracking and panic alarm system for businesses.	26.7	NA	NA
 14/6/22	 grupa pracuj	 (softgarden)	Provides HR recruitment management SaaS, APIs, and related mobile apps for Europe.	124.1	NA	NA
13/6/22	 cornerstone	 sumtotal	Provides AI-based learning, talent, and workforce management SaaS, APIs, and related mobile apps globally.	200.0	120.0	1.7x
6/5/22	 TA ASSOCIATES	 icims	Developer of cloud-based talent-acquisition software.	3,000.0	NA	NA
 12/4/22	 Sumeru	 beqom	Cloud-based compensation management software.	NA	NA	NA
 11/4/22	 experian.	 cicplus+	Provider of employer compliance management solutions.	NA	NA	NA
31/1/22	 Pearson	 Credly	US-based provider of digital workforce credentialing.	200.0	13.3	15.0x
3/1/22	 blackbaud	 EVERFI	Developer of a digital learning software designed to help organisations instill knowledge around critical topics.	750.0	NA	NA

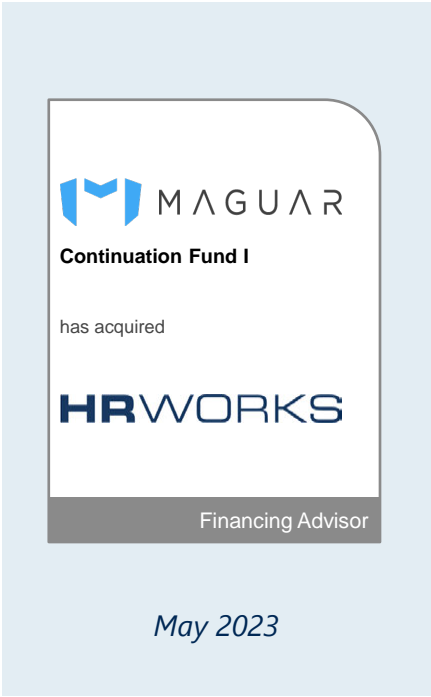
Sources: PitchBook, 451 Research, S&P Capital IQ as of 30 June 2023.



04

SELECTED HCM TECHNOLOGY DEALS FROM HOULIHAN LOKEY

Houlihan Lokey Transaction Case Study: Maguar



Client Profile

Maguar Capital Management (Maguar) is a private equity firm based in Munich, Germany. The firm seeks to invest in small-cap companies operating in the B2B software sector, primarily in the DACH region.

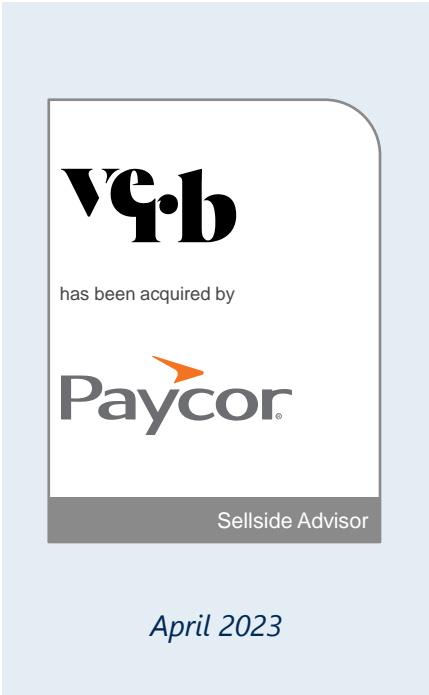
Our Role

Houlihan Lokey acted as the exclusive financial advisor to Maguar Capital and provided debt advice on all commercial aspects of the financing transaction. Following a comprehensive lender selection process, this advice secured a highly attractive and flexible financing package to support the company’s future growth strategy.

Transaction Snapshot

Maguar Capital, a leading B2B software investor in the DACH region, has sold its portfolio company HRworks Holding GmbH, a rapidly growing human capital management (HCM) software provider, to a newly established continuation vehicle managed by Maguar. The successor fund, Maguar Fund 2, as well as the management team of the company, intend to invest alongside the vehicle.

Houlihan Lokey Transaction Case Study: Verb



Client Profile

Verb is a behavioural-science-based microlearning platform that's built to easily upskill and develop managers and their frontline teams. Verb has a library of 100+ hours of proprietary, bite-sized soft-skills content that addresses a variety of talent development needs.

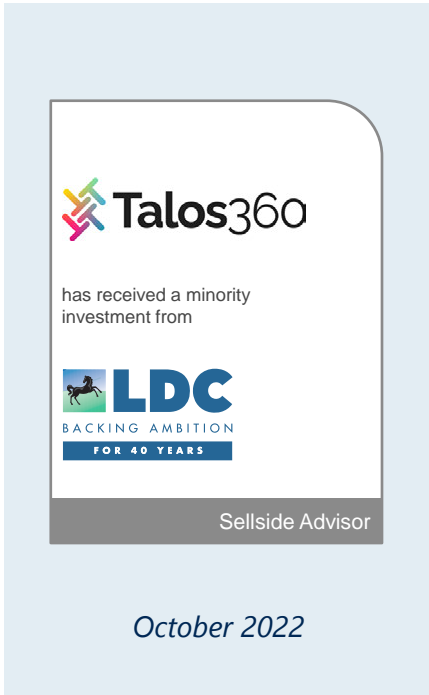
Our Role

Houlihan Lokey served as the exclusive financial advisor to Verb. This transaction highlights the team's expertise and continued success in the professional learning sector, marking the team's 11th transaction since the beginning of 2021.

Transaction Snapshot

Verb, a people development platform incorporating behavioural science and proprietary microlearning content to create best-in-class workplace training, has been acquired by Paycor. Paycor plans to fully integrate Verb into its HCM platform and accelerate the development of Paycor Paths, a new product designed to help organisations inspire positive and sustainable behavioural change within their frontline leaders through a series of personalised development journeys.

Houlihan Lokey Transaction Case Study: Talos360



Client Profile

Talos360, headquartered in Warrington, is one of the fastest-growing HR technology providers in the UK. Its proprietary recruitment and engagement technology helps businesses better attract, recruit, and retain talent, and it is a trusted partner to more than 700 businesses. Talos360 has become a market leader in SaaS talent solutions and also built a reputation as a people-first business through its commitment to supporting employees. The company currently employs more than 120 people.

Buyer Profile

LDC is a private equity firm with a strong heritage of supporting the growth of HR SaaS businesses. It has a portfolio of 90 businesses throughout the UK, across a broad range of sectors, and has a nationwide network of regional offices to provide a local presence to the businesses and communities it supports.

Our Role

Houlihan Lokey both originated and acted as the lead advisor on the transaction, providing corporate finance advice to Talos360.

Transaction Snapshot

Talos360, an award-winning provider of HCM solutions, has chosen to partner with leading middle-market private equity firm LDC to support the next stage of its growth journey.

Houlihan Lokey Transaction Case Study: Netigate



Client Profile

Netigate provides a cloud-based experience management platform that allows customers to collect, analyse, and take strategic action on insights gathered from its two most valuable assets: its customers and employees. As a fast-growing SaaS company, Netigate supports 1,500+ global customers from its offices in Germany, Sweden, Norway, and Poland.

Buyer Profile

GRO Capital is a leading Northern European private equity fund with an exclusive focus on mature B2B software and tech-enabled companies with strong growth prospects. GRO Capital serves as an active owner developing portfolio companies with a view to create long-term value. The partners behind GRO Capital have been investors in more than 25 technology- and software-related companies, and GRO Capital has approximately €1 billion in AUM.

Our Role

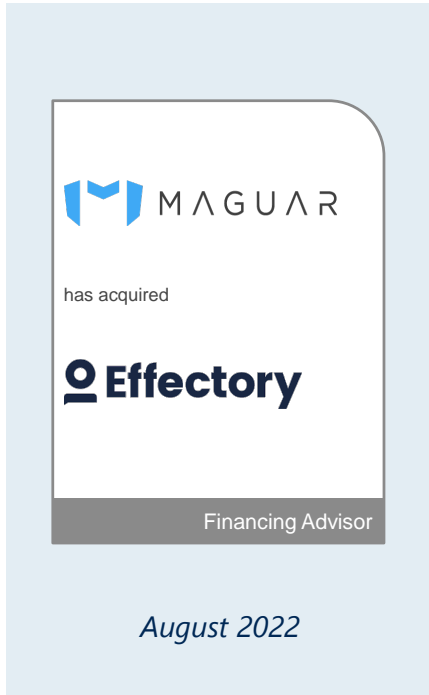
Houlihan Lokey served as the exclusive financial advisor to the selling shareholders of Netigate and assisted in marketing, structuring, and negotiating the transaction on behalf of the company.

Transaction Snapshot

Netigate has received a secondary investment from GRO Capital to fuel growth and accelerate the build-out of a leading experience management platform. Through this investment, GRO Capital has become the majority shareholder in Netigate.

This transaction further highlights Houlihan Lokey's deep sector expertise in advising Nordic software businesses, particularly those within the customer and employee experience space.

Houlihan Lokey Transaction Case Study: Maguar



Client Profile

Maguar Capital Management (Maguar) is a private equity firm based in Munich, Germany. The firm seeks to invest in small-cap companies operating in the B2B software sector, primarily in the DACH region.

Target Profile

Headquartered in Amsterdam, Effactory provides an integrated approach to understanding the complete employee experience while its SaaS offering leads to valuable insights and guidance.

Our Role

Houlihan Lokey served as the exclusive financial advisor to Maguar and provided debt advice on all commercial aspects of financing the acquisition.

Transaction Snapshot

The partnership with Effactory's founders and current management underpins Maguar's strong commitment to further supporting the company's development and its vision of delivering tangible value throughout the entire employee lifecycle. The new partnership aims to further accelerate strong growth, especially in the DACH region.

Together with Maguar, an experienced sponsor in the software industry with a significant footprint and deep expertise in the HR technology sector, Effactory plans to continue the platform's success story and strengthen its product offering. Maguar's previous experience in the HR technology sector includes investments in HRworks and Ingentis.



04

OVERVIEW OF HOULIHAN LOKEY'S GLOBAL TECHNOLOGY GROUP

Houlihan Lokey Global Technology Group Positioning

LARGE-CAP TRANSACTION EXPERTISE

- CEO-level relationships with leading tech companies
- Large senior team with unparalleled transaction experience
- Broad network including Fortune 500 relationships
- Highest-quality client service
- M&A advisory and capital-raising expertise






MIDDLE-MARKET/ GROWTH SECTOR FOCUS

- Unique global access to venture capital, private equity, and strategic investors
- Growth company focus
- Deep sector expertise and domain knowledge
- Extensive capital markets access
- Late-stage private-through-public company orientation

How Houlihan Lokey Can Help

Our firm is extremely well-equipped to help our clients navigate uncertain times. We respond quickly to challenging situations and are constantly helping clients to analyse, structure, negotiate, and execute the best possible solutions from both a strategic and a financial perspective.

What We Offer

1  Corporate Finance	Mergers and Acquisitions	<p>We are widely recognised as a leading M&A advisor and have longstanding relationships with capital providers, including commercial banks and other senior credit providers, insurance funds, asset managers, and mezzanine fund investors. Few other investment banks maintain the breadth of relationships and capital markets intelligence that we do.</p>
	Capital Markets	
	Private Funds Advisory	
	Board Advisory Services	
2  Financial Restructuring	Company Advisory	<p>We have the largest restructuring practice of any global investment bank. Since 1988, we have advised on more than 1,500 restructuring transactions (with aggregate debt claims in excess of \$3.0 trillion). We served as an advisor in 12 of the largest 15 bankruptcies from 2000 to 2022.</p>
	Special Situations	
	Distressed M&A	
	Liability Management	
	Creditor Advisory	
3  Financial and Valuation Advisory	Portfolio Valuation and Fund Advisory	<p>For five decades, we have established ourselves as one of the largest financial and valuation advisory firms. Our transaction expertise and leadership in the field of valuation help inspire confidence in the financial executives, boards of directors, special committees, investors, and business owners we serve.</p>
	Transaction Opinions	
	Corporate Valuation Advisory Services	
	Transaction Advisory Services	
	Real Estate Valuation and Advisory	
	Dispute Resolution Consulting	

Why We're Different



No. 1 for US and Tech M&A⁽¹⁾



Significant Experience With Financing Markets



Senior-Level Commitment and Dedication



Deep, Industry-Specific Expertise



Superior Work Product/Technical Abilities



Creativity, Imagination, Tenacity, and Positivity

⁽¹⁾ Source: Refinitiv. Excludes accounting firms and brokers.

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