Houlihan Lokey



The State of AI in HCM Technology

2026 Mid-Year Update

August 2026

Global Team Built to Advise HCM Tech Businesses

HCM Tech Sector Team



Sascha Pfeiffer
Managing Director
Global Head of Technology



Adrian Reed
Managing Director



Kevin Walsh
Managing Director



Ted Sullivan
Director



James Grundy
Vice President



Marco Solle
Vice President



Daniel Liu
Vice President



Gage Feldeisen
Associate



Matt Hopton
Financial Analyst

Tombstones included herein represent transactions closed from 2021 forward.
**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.*

Covering the Entire HCM Technology Ecosystem

Core HR

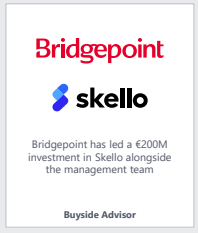
- HRIS
- Payroll
- Workforce Management
- PEO/EOR/Contingent Labor
- Compensation and Benefits

Talent Acquisition

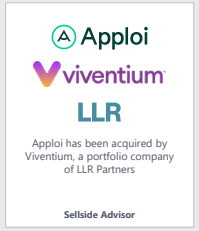
- Sourcing
- Recruitment Marketing
- Applicant Tracking
- Assessments
- Hiring Tools/Onboarding
- Staffing-Focused Business Management

Talent Management

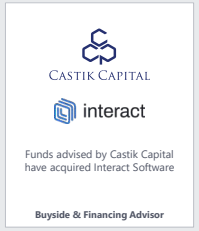
- Employee Engagement
- Performance and Succession
- Learning and Development
- Talent Analytics



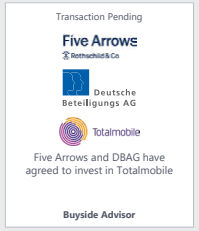
Workforce Management



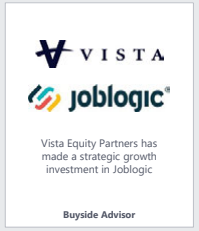
Workforce Management



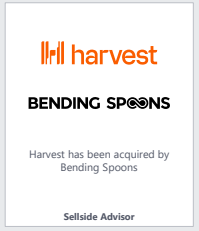
Employee Engagement



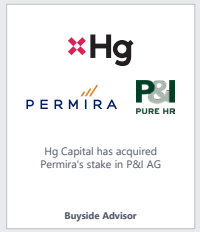
Field Service Management



Field Service Management



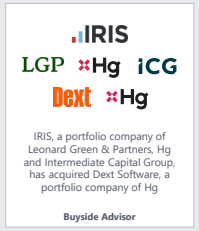
Workforce Management



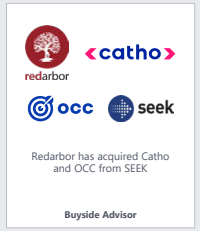
Core HR



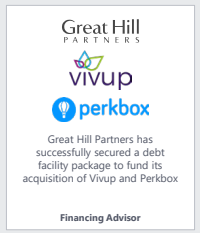
Workforce Management



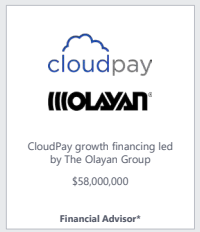
Expense Automation



Recruitment Marketing



Employee Benefits



Payroll

15+
Dedicated HCM Finance Professionals Based in New York, London, Frankfurt, and San Francisco

50+
Completed or Announced HCM Transactions Since the Start of 2016

Global
Single Specialized HCM Practice Across the World

Houlihan Lokey: **A Global Technology Advisory Leader**

HLI LISTED NYSE

$8.77B	HQ	33	~2,000	155+	24	458
Market Cap[1]	Los Angeles	Locations Worldwide	Financial Professionals	Tech Team Members	Sectors Covered	Global Transactions Completed in 2025[2]

No. 1

Global Tech M&A Advisor

2025 M&A Advisory Rankings
All Global Technology Transactions

	Advisor	Deals
1	**Houlihan Lokey**	**128**
2	Goldman Sachs & Co	116
3	JP Morgan	112
4	Morgan Stanley	95
5	Rothschild & Co	81

Source: LSEG.
Excludes accounting firms and brokers.

Unparalleled Access

Financial Sponsors

AKKR · Apax Digital Growth · Battery · Brighton Park Capital · CVC · FTV Capital · General Atlantic · Great Hill Partners · Hg · Insight Partners · LLR Partners · PSG · KKR · Riverwood Capital · Rubicon Technology Partners · Serent Capital · Sumeru · Susquehanna Growth Equity · Summit Partners · Vista

Strategics

access · ADP · bambooHR · Bullhorn · cegid · dayforce · darwinbox · deel. · employ · gusto · HiBob · icims · IRIS · isolved · Microsoft · ORACLE · PAYCHEX · paylocity · phenom · RIPPLING · SAP · UKG · workday. · zellis

No. 1 Most Active Advisor to Private Equity—Globally

2025 Global Private Equity Financial Advisors Rankings

	Advisor	Deals
1	**Houlihan Lokey**	**286**
2	Rothschild	232
3	Jefferies	196
4	Goldman Sachs	164
5	JPMorgan Chase	162

Source: The Deal.

33
Global Coverage Senior Officers

2,000+
Sponsors Covered Globally

~700
Discrete Sponsors That Have Hired Houlihan Lokey as a Sellside Advisor Over the Past Five Years

850+
Companies Sold to Financial Sponsors Over the Past Five Years

Technology Industry Coverage

Independent Advice, Deep Sector Coverage, and High-Touch Execution

(1) *As of July 31, 2026.*
(2) *2025 M&A Advisory Rankings—All Global Transactions. Source: LSEG. Excludes accounting firms and brokers.*

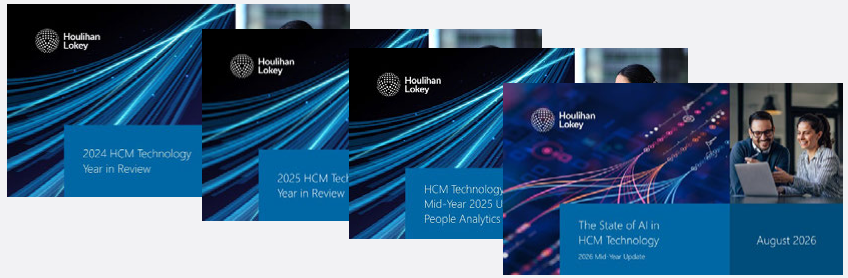
Houlihan Lokey Is a Thought Leader in HCM Technology

Houlihan Lokey has proven global expertise in HCM technology software.

Thought Leadership

Regular Market Updates

- Multiple market update and thought leadership presentations highlight the unique subsectors within HCM Technology.



CEO Visibility

- Exclusive interviews with senior thought-leaders across the HCM tech space.



Events

ONE Houlihan Lokey New York (May)

- 2026 Attendees: Asure Software, Harri, Nava Benefits, and Nectar
- 2025 Attendees: CloudPay, Multiplier, and Workwell Technologies



ONE Houlihan Lokey London (November)

- 2025 Attendees: Attensi, Cloudpay, Workwell, and Ciphr



2026 Industry Conferences

- February 3: **Phenom Partner Day**
- March 17–19: **UNLEASH, Las Vegas**
- June 16–19: **SHRM, Orlando**
- October 20–22: **HR Tech, Las Vegas**





The State of AI in HCM Technology

01

Why People Data Is Different

HR Data's High Sensitivity and Context Means Its Data Gravity Compounds Value With AI—Equivalent to Vertical Software

Mission-Criticality and Liability Symmetry	Core HR functions demand deterministic, 100%-accurate execution. Probabilistic AI models introduce unacceptable risks of hallucination. A single AI error in payroll or hiring can trigger immediate legal, financial, and reputational liabilities for the employer.
The System of Record Is the Ultimate Moat	Incumbent HCM platforms (like Workday or ADP) are the foundational systems of record for payroll, benefits, and org structure. Replacing them costs millions and takes years. Because this infrastructure is so deeply embedded, AI will act as an enhancement layer built on top of incumbents, rather than displacing them.
Regulatory Compliance Infrastructure	The value was never just software functionality. It was absorbing compliance risk and regulatory complexity on behalf of customers. Incumbents have built trusted compliance engines spanning payroll, tax, labor, and AI regulations across thousands of jurisdictions, creating a durable competitive advantage.
People Data Is Locked in Walled Gardens	Unlike other sectors, HR data has historically not been pooled across companies to train AI models. Employee data is blocked by three impenetrable walls: it is competitively sensitive (exposing trade secrets like pay scales), legally constrained (GDPR, CCPA), and contractually protected by agreements that strictly prohibit secondary data use.

Sources:
(1) Foundation Model Transparency Index, 2025; S&P Global Tech Market Monitor, 2026; Company websites and corporate overviews. Foundation models trained almost entirely on publicly available web data. Private HR/payroll records are structurally inaccessible.

What Foundation AI Models Can't Access—the HCM Data Moat[1]

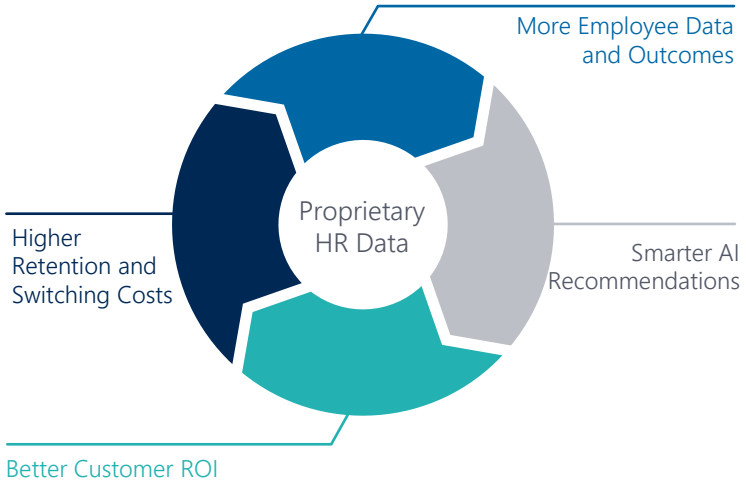
Public Web Data
Available to All AI Models

Enterprise SaaS Data
Partially Accessible via APIs

People and Payroll Data
<1% Used

- → Compensation and SSNs
- → Biometrics and Time Data
- → Performance Records
- → Attrition History
- → Health and Benefits Data
- → Skills and Tenure Signals

The HCM System-of-Record Flywheel | Why Scale Compounds Value



ADP
- → 42M+ Workers Paid Globally
- → 1.1M+ Employer Clients
- → 75 Years of Payroll Data
- → Pays One in Six U.S. Workers

workday
- → 11,000+ Customers Globally
- → 1T+ HR Transactions/Yr
- → 70M+ Users on Platform
- → 65%+ of Fortune 500

PAYCHEX
- → 800,000+ Business Clients
- → 10M+ Workers Paid
- → 2.5M+ HR Outsourcing Worksite Employees

UKG
- → 80,000+ Customers
- → 350M+ People Records
- → World's Largest Workforce Dataset (by Hourly Workers)

Value Expected to Accrue to **AI-Forward Systems of Record**

Evolution of AI in HCM Software: From Rules Engines to Embedded AI

1990s–2010

Digitization of HR processes encodes compliance rules and workforce policies into software, often hosted on premises.

Rules-Based Systems and Expert Logic

Intelligence Type

- Deterministic rules engines.
- Thresholds, alerts, validation.

Use Cases

- Payroll compliance enforcement.
- Benefits eligibility logic.
- Time and attendance rules.

Investor Takeaway

- AI as embedded logic, not a differentiator.
- Defensibility driven by switching costs and first-mover advantage.

Selected Companies

ADP, KRONOS*, ORACLE, PAYCHEX, Ultimate Software, SAP

2010–2015

Emergence of SaaS/Cloud HCM platforms centralizes workforce data, enabling people analytics layered on HRIS.

Analytics and Decision Support

Intelligence Type

- Descriptive and diagnostic analytics.
- Statistical workforce benchmarks.

Use Cases

- Headcount dashboards.
- Turnover and engagement reporting.
- Compensation benchmarking.

Investor Takeaway

- Analytics improves stickiness.
- Limited stand-alone monetization.

Selected Companies

dayforce, Cornerstone, icims, paycom, paylocity, workday

2015–2020

Data volume and ML tooling scale; HCM intelligence shifts from "what happened" to "what will happen."

Machine Learning and Predictive Models

Intelligence Type

- Supervised ML.
- Predictive modeling and scoring.

Use Cases

- Attrition and flight-risk scoring.
- Workforce demand planning.
- Skills gap identification.
- Candidate matching algorithms.

Investor Takeaway

- Data quality becomes a core diligence topic.

Selected Companies

crunchr, Culture Amp, FAETHM*, hireEZ, iMocha, VISIER

2020–2022

AI moves from workforce insight to action—embedded directly into talent and ops workflows.

Prescriptive AI and Embedded Automation

Intelligence Type

- Prescriptive ML.
- Recommendation engines.
- Automated task execution.

Use Cases

- AI talent acquisition matching.
- Internal mobility and career pathing.
- Automated onboarding workflows.
- Dynamic compensation modeling.

Investor Takeaway

- Workforce data quality becomes a core diligence topic.

Selected Companies

Beamery, eightfold.ai, findem, HiredScore*, OneModel, phenom

2023–Present

LLMs enable natural language interaction with employee data, policies, and HR workflows.

Generative AI and Natural Language Interfaces

Intelligence Type

- Domain-tuned LLMs.
- Retrieval-augmented generation (RAG).
- Conversational interfaces.

Use Cases

- AI HR service desk and policy Q&A.
- Performance review drafting.
- Job description generation.
- Natural-language workforce queries.

Investor Takeaway

- Differentiation from proprietary people data.
- Winners embed AI deep in HR workflows.

Selected Companies

Ashby, Leena AI, Moveworks*, PARADOX*, Talos360, Textia

Forward-Looking

Autonomous HR systems execute selected end-to-end workforce decisions with minimal human input.

Autonomous Vertical Systems

Intelligence Type

- Agentic systems.
- Multimodal orchestration.
- Continuous learning loops.

Use Cases

- Fully autonomous recruiting pipelines.
- Autonomous scheduling and shift optimization.
- End-to-end payroll and compliance decisioning.

Investor Takeaway

- Platform rerating potential.
- Heightened regulatory and bias scrutiny (EU AI Act).

Selected Companies

Maki, Metaview, MERCOR, loxo, TURING

*Acquired by strategic.

How We Segment the HCM Technology Landscape

Houlihan Lokey views the HCM tech ecosystem in three segments with interconnected offerings, representing a **~$45 billion global market in 2025, growing at ~13% CAGR through 2029.**[1][2]

AI-Forward Incumbent HCM Suites

ADP · bambooHR · dayforce · deel. · gusto · HiBob · IRIS · ORACLE · PAYCHEX · paylocity · RIPPLING · Sage · SAP · UKG · workday

HCM Agentic AI Infrastructure

glean · gloat · praisidio

1 TALENT ACQUISITION: $3.6 Billion/9.6% Growth[2]

Aiding recruiters and employers to attract, assess, and hire the right candidate at the right time.

Sourcing
- Candidate Database
- Talent Marketplace

AI Forward: findem · HeroHunt.ai · Juicebox · MERCOR · Metaview · Paraform

Recruitment Marketing
- Job Posting
- Advertising
- Talent Relationship Management

ADWAY · Appcast* · Ashby · Beamery · joveo · PARADOX*

Applicant Tracking
- Applicant Tracking System (ATS)

DISTRO · eightfold.ai · HUMANLY · kula · Manatal · phenom

Assessments
- Digital "Gamified" Testing
- Psychometric Testing
- Capability Screening

CoderPad · Criteria · GLIDER* · Maki · Ribbon · sapia · TestGorilla · vervoe

Hiring Tools/Onboarding
- AI/Video Interviewing
- Background Checks
- Internal Hiring

checkr · enboarder · Trainual · certn · HireVue · Zinc

Staffing-Focused Business Management
- Gig Work
- Professional and Managerial
- Office

AVIONTÉ · Bullhorn · Crelate · litespace · loxo · Dover · zvoove

2 CORE HR: $25.7 Billion/12.5% Growth[1][3]

Core HR and, in a wider sense, administrative HR solutions enable organizations to store and manage employee data and manage administrative activities, such as payroll.

HRIS
- System of Record
- Digital Document Management

AI Forward: darwinbox · Humaans · Leena AI · warp

Payroll
- Digital Payslips
- Payroll Administration
- Treasury Management

Asure · check · NMBA · roll by ADP

Workforce Management
- Scheduling
- Time and Attendance
- Absence Management
- Field Service Management

Assembled · deputy · harri · LEGION · Sona. · teambridge

PEO/EOR/Contingent Labor
- Global Employment Administration
- Freelance/Contractor Sourcing

Borderless AI · job&talent · Multiplier · Niural AI · toku

Compensation and Benefits
- Compensation Management
- Benefit Administration
- Expense Management

Ben · CandorIQ · comprehensive · NAVA · pave · ravio

3 TALENT MANAGEMENT: $15.1 Billion/15.3% Growth[1]

Talent management suites consist of modules that support organizations' need to organize, engage, develop, and retain talent.

Employee Engagement
- Internal Communication
- Welfare and Well-Being
- Manage and Measure Engagement

AI Forward: inFeedo · nectar · Quantum Workplace

Performance and Succession
- Performance Reviews
- 360-Degree Feedback
- Culture Assessment
- Skills Intelligence

Lattice · Peoplelogic · retrain.ai · TECHWOLF

Learning and Development
- LMS
- EHS
- Continuous Training/Upskilling/ Education

Arist · disprz · hownow · learn.xyz · Sana* · Uplimit*

Talent Analytics & Data
- Operational Reporting
- Workforce Planning
- Employee Analytics

crunchr · Culture Amp · FAETHM* · Lightcast · sapience · OneModel · visier

HR Compliance Management
- Workplace Policies
- Workplace Safety

AllVoices · Case IQ · HRACUITY

(1) *Source: Gartner, Forecast Analysis: HCM Software, Worldwide, 2026.*
(2) *Source: Coherent Market Insights, Recruitment Software Market, April 2026.*
(3) *Note: Core HR includes Administrative HR and Workforce Management Segments.*

**Denotes acquired by strategic.*

Snapshot: Notable AI-Enabled Product Announcements in HCM Suite/Payroll

Anthropic: Claude for Small Businesses

Launch: Introduced in May 2026.

Workflow Automation: Delivers agentic workflows across payroll planning, sales, operations, and finance through pre-built business processes.

Market Impact: Anthropic's expansion beyond conversational AI into governed workflow automation demonstrates increasing enterprise comfort with production-grade AI deployment. As organizations gain confidence in AI security, compliance, and oversight frameworks, software investment priorities continue to accelerate.

Enterprise Integrations:

Workday: Illuminate Flex Credits

Announcement: Introduced at Workday Rising 2025 (September 2025).

Capabilities: Workday Illuminate leverages purpose-built AI agents across HR, finance, and industry workflows to automate complex processes such as performance management, financial close, and workforce planning.

Flex Credits Model: A usage-based AI pricing model embedded within every customer subscription, enabling organizations to pay based on AI consumption while scaling adoption without incremental procurement hurdles.

Market Impact: Workday's AI monetization strategy reflects growing enterprise confidence in deploying AI at scale. More broadly, market conditions are creating a supportive backdrop for software investment and transaction activity.

Intuit: Quickbooks Workforce Launch (GoCo)

Announcement: Launched in April 2025, following the integration of GoCo's technology.

Strategic Rationale: Intuit expanded QuickBooks into a unified, AI-powered HCM platform, adding recruiting, onboarding, payroll, HR, and workforce management capabilities for SMBs.

Integration: GoCo's HCM technology powers QuickBooks Workforce, enabling AI-driven recruiting, onboarding, payroll, workflow automation, document generation, and employee assistance.

Market Impact: The launch demonstrates how incumbents are leveraging acquisitions to rapidly deliver integrated, AI-powered HCM platforms and expand beyond core payroll and accounting software.

UKG: Bryte AI

Launch: Introduced UKG Bryte AI Agents for the UKG Pro HCM suite at UKG Aspire 2024.

Capabilities: Bryte AI delivers AI-powered scheduling recommendations, workforce forecasting, payroll insights, HR case assistance, content generation, and conversational employee self-service to improve productivity and decision-making.

AI Innovation: AI is embedded directly within everyday workflows, providing role-based recommendations, automating routine HR tasks, and enabling managers to make faster, data-driven workforce decisions.

Market Impact: UKG's continued investment in embedded AI reflects growing enterprise demand for intelligent workforce management platforms that improve labor efficiency, employee engagement, and operational agility.

Sources: ADP AI Visibility Intelligence Report, 2026.

Snapshot: Accelerating AI Arms Race in Talent Acquisition

Candidate

AI Avatars
- Applicants are sometimes using AI avatars or face filters to interview.
- Applicants can misrepresent appearance or language ability or allow cheating at scale.

AI-Assisted Interview Prep
- Realistic interview simulation with AI-generated questions tailored to specific roles.
- Live coaching during interviews.
- Provide detailed feedback on candidate responses.

Automated Job Application Platforms
- Automatic application content population and submission across various platforms.
- Dashboard tool to track submitted application status.

AI-Powered Resume and Cover Letter Optimization
- Resume and cover letter content generation and enhancement.
- Utilize to compare resume against job postings, identifying areas where experience aligns with the role.

+239%
Volume of applications sent since ChatGPT's release in 2022.(1)

~90%
Of employers use automated systems to screen candidates.(1)

~66%
Of job candidates say they use AI when applying for jobs.(2)

>60%
Of companies embrace AI tools as part of their recruiting or hiring process.(2)

Hiring Company or Staffing Agency

AI Application Filtering and Fraud Detection
- Filters AI-generated, duplicative, and low-signal applications at scale.
- Flags suspicious submission patterns to preserve recruiter signal quality.

AI Assessment and Interview Scoring
- Delivers consistent, bias-aware interview scoring across all interview stages.
- Drives data-backed hiring decisions with standardized candidate scores.

AI Skills Validation and Work Simulation
- Uses AI-driven tests, simulations, and structured exercises to verify real skills amid inflated or AI-polished resumes.
- Shifts hiring emphasis from credentials to demonstrable task performance.

AI Resume Screening and Scoring
- Automates resume parsing and screening to identify qualified candidates based on skills, experience, and role fit at scale.
- Scores candidates using AI-based matching models that rank resumes against job requirements and historical hiring outcomes.

Source: The Economist, "Job applicants are winning the AI arms race against recruiters," January 2026.
(1) Harvard Business Review, "AI Has Made Hiring Worse—But It Can Still Help," January 2026.
(2) U.S. Chamber, "AI for Job Applications Have Small Businesses Rethinking Hiring," August 2025.

Snapshot: Selected AI Use Cases Across HCM Technology Categories

Talent Acquisition

AI INITIATIVES AND USE CASES

- Automate candidate sourcing, screening, and matching using AI talent graphs trained on billions of profiles to surface best-fit candidates faster.
- Deploy conversational AI agents to handle high-volume interview scheduling, candidate FAQs, and offer workflows—reducing time-to-hire.
- Enable skills-based hiring and internal mobility with AI career pathing that maps transferable skills and recommends candidates for open roles.

SELECTED AI INNOVATORS

Ashby, eightfold.ai, findem, fountain, MERCOR, Metaview, phenom, Ribbon, Talos360, Teamtailor, tellent, TURING

People Analytics

AI INITIATIVES AND USE CASES

- Build predictive attrition and flight-risk models that surface at-risk employees early, enabling targeted retention interventions before talent walks out the door.
- Unify workforce data across HRIS, payroll, and engagement systems into a single analytics layer, enabling cross-functional headcount and compensation planning.
- Use natural language query interfaces to let managers ask workforce questions in plain language and receive real-time, actionable insights without analyst support.

SELECTED AI INNOVATORS

crunchr, Culture Amp, OneModel, Perceptyx, Reejig, TECHWOLF, visier, Worklytics

Workforce Management

AI INITIATIVES AND USE CASES

- Dynamically forecast labor demand and auto-generate optimal schedules that balance staffing levels, compliance rules, and labor cost targets in real time.
- Reduce overtime costs and compliance risk by using AI to flag scheduling conflicts, fatigue risks, and wage-and-hour violations before they occur.
- Unify time and attendance, payroll, and scheduling data into an AI intelligence hub, providing executives real-time labor insights and intraday capacity planning.

SELECTED AI INNOVATORS

deputy, harri, humanforce, LEGION, Quinyx, shyft, skello, Sona.

HCM Suites: Announced AI Capabilities by Sub-Category (Enterprise and Middle-Market)

			Talent Acquisition			Core HR		Talent Development		
Strategic	**Core AI Platform**	**AI Pricing Strategy**	**Sourcing/ Recruit Mktg.**	**Candidate Engagement**	**AI Hiring and Assessment**	**HRIS/Payroll**	**Workforce Mgmt.**	**Employee Engagement**	**Performance Mgmt.**	**People Analytics and Planning**
ORACLE **ICP: 1K–10K+**	**Oracle AI**	• Bundled PEPM Base • Usage-Based AI Add-Ons	• AI Candidate Sourcing • Automated Job Content Generation	• Oracle Digital Assistant • Oracle Recruiting Booster	• AI Candidate Ranking • Interview Intelligence	• AI Agent Studio • Oracle Digital Assistant	• AI Workforce Scheduler • Demand Forecasting	• AI Employee Assistant • Personalized Guidance	• AI Performance Docs • Goal Recommendations	• Predictive Workforce Planning • Skills Intelligence
SAP **ICP: 500–10K+**	**SAP Business AI**	• Tiered Per-User • Usage-Based AI premiums	• Skills-Based Talent Matching • AI-Sourced Recommendations	• Phenom-Powered Engagement • Joule Recruiting Copilot	• AI Applicant Screening • AI Candidate Matching	• Joule HR Copilot • SAP SuccessFactors AI	• AI Shift Optimization • Skills-Based Planning	• Joule Employee Assistant • Qualtrics AI Insights	• AI Performance Reviews • Goal Recommendations	• SAP Skill Inference • Talent Intelligence Hub
workday. **ICP: 500–5K+**	**Workday Illuminate**	• Hybrid PEPM + Usage-Based • Flex Credits	PARADOX (2025) • Skills Cloud Candidate Discovery	• Workday Recruiter Agent • Workday Assistant	HiredScore (2024) • AI Candidate Scoring	• Workday Illuminate • Workday Assistant	• AI Scheduling • Labor Forecasting	• Peakon AI Insights • Employee Sentiment	• AI Performance Summaries • Manager Insights	Sana (2025) • Workforce Planning and Insights
dayforce **ICP: 350–5K**	**Dayforce AI**	• Premium PEPM Tiers • Bundled AI Features	• AI Talent Matching • Automated Candidate Sourcing	• Dayforce Copilot • AI-Powered Candidate Messaging	• AI Screening Automation • Hiring Recommendations	• Dayforce Copilot • AI Payroll Intelligence	Agentnoon (2025) • AI Scheduling	• AI Employee Assistant • Sentiment Insights	• AI Coaching • Performance Insights	• Workforce Intelligence • Attrition Prediction
UKG **ICP: 100–1K (Ready), 1K+ (Pro)**	**UKG Bryte AI**	• Bundled PEPM • Emerging Usage-Based AI	• AI-Powered Candidate Discovery • Internal Talent Marketplace	chattr (2025) • UKG Bryte AI	• Candidate Fit Analysis • AI Screening Workflows	• UKG Bryte AI • UKG Assistant	mo (2025) • UKG Bryte Scheduling	• UKG Bryte Conversations • Employee Insights	• AI Coaching • Goal Tracking	• Workforce Intelligence • Retention Prediction
ADP **ICP: 1–50 (Run) 50–1K (Now) 1K+(Lyric)**	**ADP AI**	• Bundled PEPM • Usage-Based AI Services	• AI Ob-Candidate Matching • Automated Talent Sourcing	• ADP Recruitment Management • ADP Assist AI	sora (2023) • AI Interview Intelligence	• ADP Assist • Payroll Intelligence	• AI Workforce Planning • Labor Demand Forecasting	• ADP Assist • Employee Guidance	• AI Performance Coaching • Goal Recommendations	Pequity (2025) • ADP DataCloud

Sources: Company websites, PitchBook, S&P Capital IQ.
Note: ICP denotes Ideal Customer Profile based on customer employee count.
Note: Logos in grid denote that capability was acquired via acquisition.

HCM Suites: Announced AI Capabilities by Sub-Category (SMB and Lower-Middle-Market)

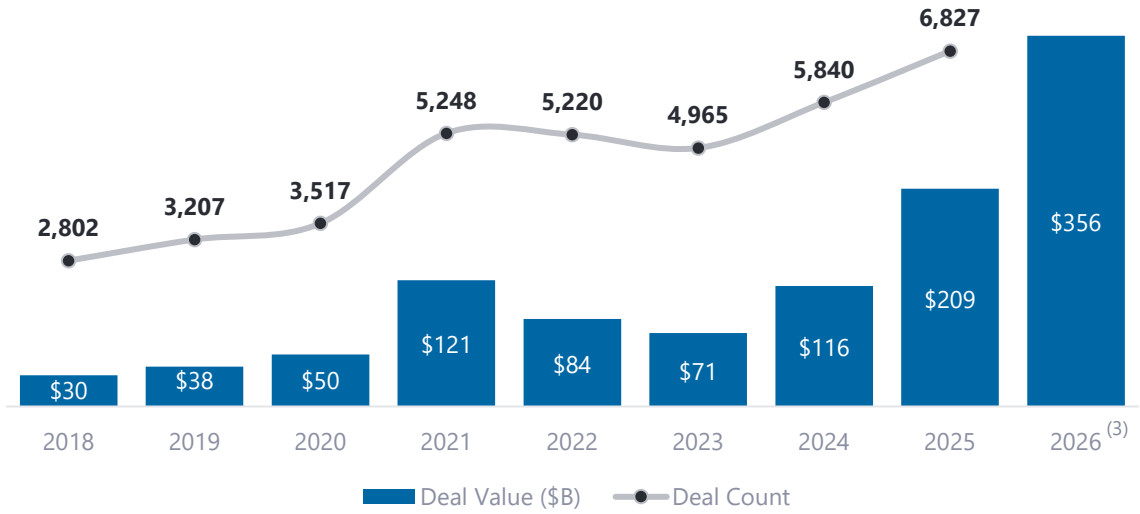
			Talent Acquisition			Core HR		Talent Development		
Strategic	**Core AI Platform**	**AI Pricing Strategy**	**Sourcing/ Recruit Mktg.**	**Candidate Engagement**	**Applicant Tracking (ATS) and Hiring Tools**	**HRIS/Payroll**	**Workforce Mgmt.**	**Employee Engagement**	**Performance Mgmt.**	**People Analytics and Planning**
paylocity ICP: 10–5K+	**Paylocity AI**	• AI Embedded in Suite • Premium Feature Upsells	• Candidate Matching Engine • AI Recruiting Automation	GRAYSCALE (2026) • Automated Candidate Communications	• Candidate Screening Tools • Recruiting Workflow Automation	• AI Payroll Assistant • Payroll Insights	• Workforce Scheduling • Labor Forecasting	• Employee Assistant • Survey Insights	• Goal Recommendations • Review Summaries	• Workforce Analytics • Attrition Prediction
HiBob ICP: 200–5K+	**Bob AI**	• Bundled AI Capabilities • Tiered Subscription Model	• Internal Mobility Matching • AI Talent Recommendations	• AI-Powered Hiring Workflows • AI Employee Communications	• Skills-Based Hiring Insights • Internal Mobility Recommendations	• Bob AI • HR Automation	• Workforce Planning • Capacity Forecasting	• Employee Assistant • Engagement Insights	• Goal Recommendations • Performance Reviews	• Workforce Analytics • Skill Insights
RIPPLING ICP: 50–2K+	**Rippling AI**	• Modular AI Add-Ons • Emerging Usage-Based Monetization	• Unified Employee Graph • AI Talent Sourcing	• AI-Powered Recruiting Workflows • Automated Candidate Outreach	• AI Candidate Evaluation • Workflow-Based Hiring Automation	• Rippling Copilot • Payroll Automation	• Workforce Planning • Shift Scheduling	• Rippling Employee Assistant • Employee Insights	• Performance Reviews • Goal Tracking	• Workforce Analytics • Headcount Planning
Personio ICP: 50–2K+	**Personio Assistant**	• Bundled AI in Core Plans • Tiered Module Pricing	• AI Candidate Sourcing (Aurio) • Talent Pool Rediscovery	• Automated Candidate Outreach • Interview Scheduling Automation	• AI Candidate Screening • Hiring Workflow Automation	• Personio Assistant • Payroll and Compliance Automation	• Absence and Time Tracking • Workforce Planning	• Employee Assistant • Survey Insights	• AI Review Summaries • Career Frameworks	• People Analytics • HR Reporting Insights
deel. ICP: 10–1K+	**Deel AI**	• Premium AI Functionality • Platform-Based Monetization	• Global Talent Marketplace • Cross-Border Candidate Discovery	• AI-Assisted Global Hiring • Cross-Border Candidate Support	• Global Hiring Intelligence • Cross-Border Candidate Evaluation	payspace. (2024)	• Global Workforce • Labor Planning	ASSEMBLE (2024)	zavvy (2024)	• Workforce Analytics • Skills Insights
gusto ICP: 1–100	**Gusto AI**	• Bundled AI Assistance • PEPM Subscription Pricing	• SMB Hiring Network • AI Candidate Matching	• AI-Powered Hiring and ATS • AI Job Description Generation	• SMB Hiring Workflows • Automated Applicant Screening	• Gusto AI • Payroll Assistant	• Workforce Planning • Labor Forecasting	• Employee Assistant • Engagement Insights	• Goal Tracking • Review Assistance	• Workforce Analytics • Hiring Insights

Sources: Company websites, PitchBook, S&P Capital IQ.
Note: ICP denotes Ideal Customer Profile based on customer employee count.
Note: Logos in grid denote that capability was acquired via acquisition.

AI Growth Equity Funding Is Expanding Rapidly

AI-Native Venture Investment Across the Landscape

U.S. AI and ML VC Deal Activity[1]



AI and ML startups are attracting **record levels of venture and growth funding**, with AI-enabled HCM platforms and workforce technology companies leading the **largest growth rounds in 2025**.

This influx of capital underscores **investor confidence in AI-driven business models** and is **accelerating product development, market adoption, and M&A activity** across the vertical software sector.

Selected AI-Focused HCM Software Venture Rounds

($M)[2]

Company	Announced Date	AI Vertical(s)	Equity Invested ($M)	Selected Investor(s)
factorial	06/26	HR Automation	$150	General Catalyst
Sona.	04/26	Workforce Management	$45	Felicis
TURING	06/25	AI Engineering	$111	Khazanah Nasional Berhad
RIPPLING	05/25	HR Automation	$450	Goldman Sachs Growth Equity
MERCOR	02/25	Talent Marketplace	$100	Felicis
teambridge	09/24	AI Workforce Management	$28	Mayfield
Ashby	06/24	Talent Acquisition	$30	Lachy Groom

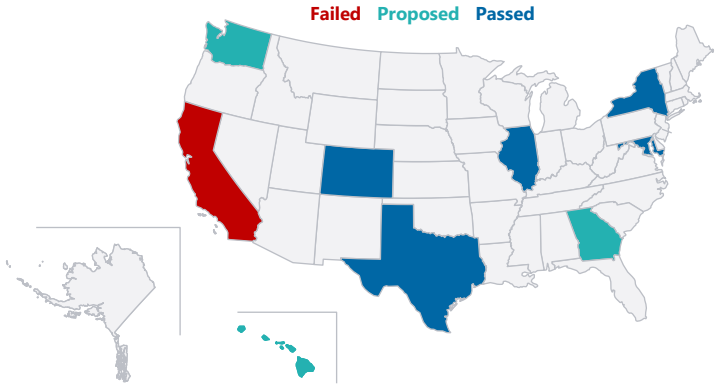
Sources:
(1) Q2 2026 PitchBook-NVCA Venture Monitor.
(2) PitchBook data as of July 30, 2026.
(3) 2026 figure is annualized based on year-to-date activity through June 30, 2026.

Regulations Are Gradually Being Introduced Across the U.S. to Address AI Use for Talent Acquisition

Overview

- The use of AI has become the focus of regulation both domestically and abroad, with regulations increasing gradually since 2024.
- Regulations generally seek to address concerns that AI may lead to unintentional discrimination against protected groups, especially on the basis of age, disability, and race, in talent acquisition use cases.
- Following President Trump's cancellation of Executive Order 14110, which called for companies to develop security standards for AI tools, regulations on AI in HR applications have largely been **left to the states**.

Legislation by State



Selected Examples

Illinois

→ Passed January 2024 | Effective January 2026

→ The law prohibits employers from using AI that results in unlawful discrimination in employment decisions.

→ Employers must notify employees when AI is used for hiring, promotion, discipline, or termination.

New York

→ Passed December 2021 | Effective January 2023

→ The law requires employers to conduct bias audits on automated employment decision tools, including those that use AI, and the results published.

→ Violators are liable for a civil penalty of a maximum $500 for first violations and between $500 and $1,500 for additional violations.

Colorado

→ Passed May 2024 | Effective February 2026

→ The law requires employers involved in the provision or denial of employment opportunities to take "reasonable care" to protect from algorithmic discrimination.

→ Violations constitute unfair trade practices, which are punishable by a civil penalty of up to $20,000.

Texas

→ Passed June 2025 | Effective January 2026

→ The law prohibits the development or deployment of an AI system with the intent to discriminate against legally protected groups.

→ The law applies to any entity that develops or deploys an AI system in Texas or offers products or services to Texas residents.

Notable Litigation

workday.

- **Feb-23:** Mobley v. Workday
- **Claims:** Bias in automated screening and scoring, asserting disparate impact and discriminatory outcomes in hiring.
- **Status:** Court denied portions of Workday's motion to dismiss.

eightfold.ai

- **Jan-26:** Kistler v. Eightfold AI
- **Claims:** Violations of the Fair Credit Reporting Act and related state privacy laws tied to applicant scoring and data use.
- **Status:** Early litigation stage; no major rulings yet.

Meta

- **Jul-26:** Employees v. Meta Platforms
- **Claims:** Bias in AI-assisted layoff selection, alleging discrimination against employees on protected leave.
- **Status:** Litigation remains pending in federal court.

Sources: HR Dive, nyc.gov, ilga.gov, Squire Patton Boggs.

EU Has Enacted Binding Rules for AI in HCM, While UK Relies on Existing Law and Regulator Guidance

EU and U.K. companies are already adhering to the EU AI Act as a guiding principle.

European Union

- The EU takes a harmonized, risk-based approach anchored in the AI Act, the first comprehensive AI law, which treats nearly all HR use cases as "**high-risk**."
- High-risk classification requires enhanced governance, including risk controls, transparency, documentation, and human oversight

AI Act

Passed June 2024 | HR Provisions Effective December 2027

- The law classifies AI used for recruitment, candidate screening, promotion, termination, and performance monitoring as high-risk, requiring human oversight, transparency, logging, and bias controls.
- Emotion-recognition AI has been banned in the workplace since February 2025.
- Digital Omnibus (June 2026) delayed high-risk duties to December 2027.

Platform Work

Adopted October 2024 | Transposition by December 2026

- The directive establishes the EU's first algorithmic management rules, mandating human oversight of automated monitoring and human review of significant decisions, including dismissals.

GDPR

Passed April 2016 | Effective May 2018

- Article 22 restricts solely automated decisions with significant effects, such as automated candidate rejection, requiring meaningful human involvement and disclosure of the logic involved.

Selected Member-State Legislation

First national AI law (2025) mandates worker disclosure and impact assessments against algorithmic discrimination.

"Rider Law" (2021) obliges employers to disclose algorithm parameters affecting hiring to worker reps.

Works councils must be consulted on AI in personnel selection (2021 Works Council Modernization Act).

United Kingdom

- The U.K. has no AI-specific statute; a long-signaled bill on frontier AI models has been repeatedly delayed and was absent from the May 2026 King's Speech.
- AI in HR is instead governed by existing data protection, equality, and employment law, applied by sector regulators under a principles-based framework.

Data Laws

Passed June 2025 | Effective February 2026

- The Data (Use and Access) Act replaces the U.K. GDPR ban on solely automated hiring decisions with a permission-based model, subject to safeguards: transparency, human review, and a right to contest.
- Solely automated significant decisions based on special category data, such as health or ethnicity, remain prohibited.

ICO

Audits Published November 2024 | Hiring Report March 2026

- The data regulator issued 296 recommendations to AI recruitment tool providers and expects employers using automated hiring to test for bias, ensure transparency, and enable human review.

Equality Act

Passed April 2010 | Effective October 2010

- Employers remain liable for discriminatory outcomes of AI screening and selection tools under indirect discrimination rules, even where bias is unintentional.

Proposed and Expected Developments

- **AI (Regulation) Bill:** Private member's bill proposing AI authority and transparency duties for AI in hiring; lacks government backing.
- **TUC Draft AI Bill:** Union-drafted bill proposing statutory rights over algorithmic hiring and dismissal decisions; not before Parliament.

Sources: EUR-Lex, European Commission, Gazzetta Ufficiale, ICO, GOV.UK, legislation.gov.uk, U.K. Parliament, Eurofound.

Emerging Themes in HCM Technology

Current trends highlight the need for companies to invest in next-generation AI tools, employee experience, and adjacent business management capabilities.

			Proof Points
01	AI Usage/ Outcome-Based Pricing	• As AI capabilities mature, HCM vendors are increasingly monetizing AI based on measurable outcomes—such as recruiter productivity, hiring speed, and employee engagement—rather than simply charging per user or seat. • Enterprises are prioritizing AI platforms that deliver quantifiable ROI, driving adoption of agentic AI, usage-based pricing models, and embedded copilots across recruiting, HR, and workforce operations.(1)	fountain, phenom, workday.
02	"Skills" as the Unit of Workforce Planning	• Skills intelligence is becoming the core data layer underpinning workforce planning, internal mobility, learning, and talent acquisition across modern HCM platforms. • Vendors are investing in AI-powered skills inference and talent marketplaces to improve workforce agility, optimize resource allocation, and expand platform value beyond traditional HR workflows.(1)(2)	eightfold.ai, iMocha, phenom, TECHWOLF
03	AI Decision Support vs. Automation	• AI in HCM is shifting from workflow automation to predictive decision support, enabling early attrition risk detection, skill adjacency modeling, manager coaching, and personalized workforce recommendations. • AI-assisted payroll solutions reduce processing time by identifying payroll errors, flagging compliance risks, and recommending fixes before payroll runs, improving accuracy while keeping humans in control.(1)(2)	Asure, isolved, SAP SuccessFactors
04	"Headless"/ Embedded Payroll	• AI is reducing the cost and complexity of embedded payroll by automating monitoring of thousands of federal, state, and local tax and labor rule changes, enabling payroll infrastructure to be embedded into third-party software. • API-first payroll platforms allow software providers to embed compliant payroll capabilities directly into their products, accelerating deployment while reducing ongoing maintenance and regulatory burden.(3)	ADP, check, gusto, howdy., [nmbr], salsa, worklio, ZEAL
05	Stablecoin Payroll	• Tech-forward and globally distributed companies are adopting stablecoin payroll to enable faster, lower-cost cross-border payments while reducing settlement delays and foreign exchange friction. • As adoption accelerates, payroll providers are adding enterprise-grade compliance, tax reporting, and controls to support stablecoin payments while navigating evolving regulatory requirements and IRS guidance.(2)(3)	airtel, CROSSMARK, deel., ontop, remote, rise.ai, toku, Velocity Global

Sources:
(1) Selected company materials (Workday, Phenom, Fountain, TechWolf, Eightfold AI, iMocha, SAP SuccessFactors, Asure, and iSolved).
(2) UC Today, HCM Trends 2026, Mar. 8, 2026; Thomson Reuters, Stablecoin Payroll Gains Momentum, Aug. 14, 2025; Pantera Capital, 2024 Blockchain Compensation Survey.
(3) Selected company materials (ADP Embedded Payroll, Gusto Embedded Payroll, Check, Worklio, Zeal, NMBR, Salsa, Hono.ai, Deel, TOKU, Rise, and Crossmint).
(4) SHRM, State of AI in HR 2026; PayrollOrg, Global Payroll Skills in 2026: Skills Gaps and Strategic Shifts, June 18, 2026.

AI Adoption Trends in HR and Payroll

46%
Organizations expect to use AI in HR in 2026.(4)

5.7x
AI is 5.7x more likely to shift job responsibilities than eliminate jobs.(4)

40%
Of organizations surveyed are implementing AI for payroll compliance, monitoring, and employee support.(4)

35%
Of organizations surveyed are already deploying AI to support payroll operations.(4)



HCM Tech Market Update

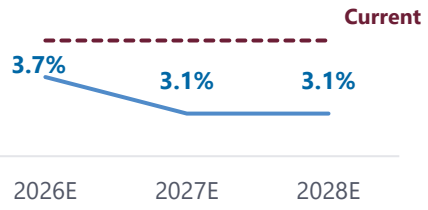
02

U.S. and EU Macro Backdrop Comparison for HCM Technology

USA

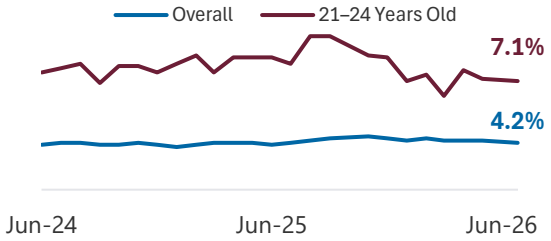
Projected Fed Funds Rate

The median federal funds rate projection (Fed "dot plot") for YE 2026 is 3.7% (no change), with the market pricing a 70% chance of a 25-bps increase in 2026 due to Iran-war-linked inflation.



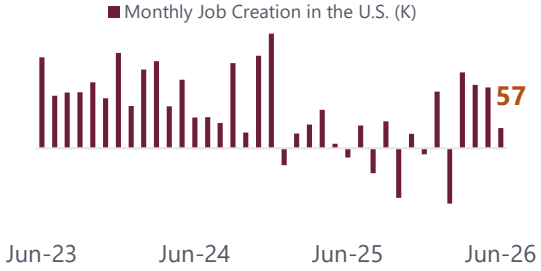
Unemployment Rate

Unemployment has crept up 10 bps since June '24 but remains near all-time lows. The rate for people 21-24 is 7.1%, amid concerns over AI taking entry-level jobs.



Rebounding Hiring after Uncertain 2025

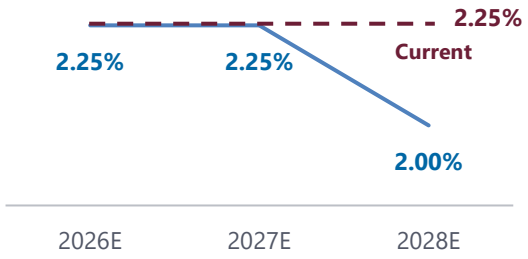
After a poor 2025 for job creation, due to uncertainty on tariffs, politics, and AI, 2026 has kicked off with a strong hiring report.



EU

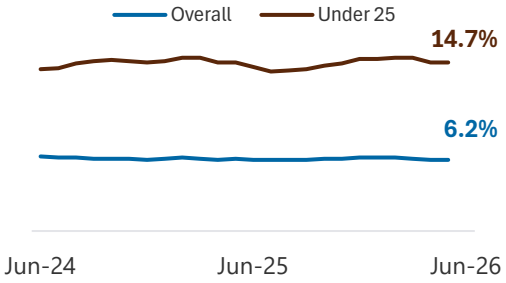
Projected Deposit Facility Rate

The ECB Deposit Facility Rate currently stands at 2.25%, with the ECB Survey of Professional Forecasters projecting the rate to remain at 2.25% through 2027 before easing to 2.0% in 2028.



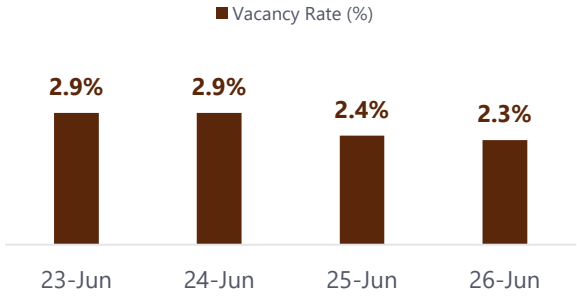
Unemployment Rate

Euro area unemployment has remained near historic lows, declining from 6.4% in June 2024 to 6.2% in June 2026 despite a slowing economy.



Hiring Demand Remains Below Recent Peaks

Euro area job vacancies have declined from 2023 levels, signaling more cautious hiring despite a resilient labor market.



Key Takeaways

The Fed and ECB have largely brought inflation under control, with policy rates expected to normalize gradually as price pressures continue to ease.

Labor markets remain resilient on both sides of the Atlantic, though hiring has moderated as employers navigate slower economic growth, geopolitical uncertainty, and AI-driven productivity gains.

While the U.S. and EU continue to experience historically low unemployment, softer hiring trends suggest companies remain cautious on workforce expansion.

In a low-hire/low-fire environment, HCM platforms remain critical for improving productivity, ensuring compliance, and supporting workforce planning.

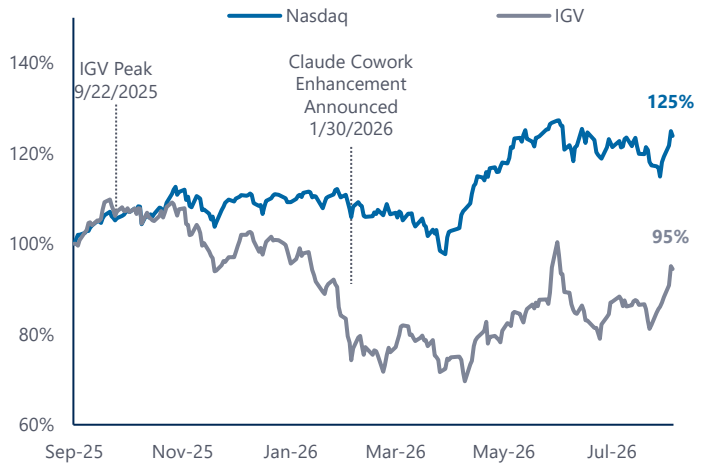
AI-enabled HCM solutions help organizations identify skills gaps, optimize hiring, accelerate workforce reskilling, and improve decision-making through advanced analytics and forecasting.

Sources: Federal Reserve Economic Data, ECB Surveys, Eurostat, company annual reports, company earnings calls as of July 6, 2026.

"SaaSpocalypse" of Early 2026 Driven by a Confluence of Factors

1	AI Threat to Software "Moats"	• Startups built with AI are perceived to be a threat to software incumbents, as they can replicate core capabilities cheaply and more flexibly—threatening competitive "moats." • Concerns that enterprises can "vibe code" their own custom software or reduce the number of seats purchased—i.e., by replacing headcount with AI agents—threaten the total software revenue pool.
2	AI Capital Spending Siphons Investment	• AI infrastructure spending continues to outpace enterprise software investment, influencing software valuations and investor sentiment. • Tech giants have committed more than $725 billion to AI and cloud spending in 2026,(1) alarming investors who are skeptical about the returns. For example, IBM's shares fell ~25% after management said customers reallocated spending toward AI infrastructure, reinforcing investor concerns around enterprise software demand.
3	Macro and Geopolitical Headwinds	• Geopolitical tensions and trade friction are creating uncertainty around a "de-risking" of global operations, increasing costs and shrinking addressable markets for enterprise software. • In response to inflation and employment headwinds, CFOs are looking closely at discretionary IT budgets, potentially impacting growth for high-flyers like Snowflake and Datadog.
4	Employment Growth Concerns	• Recent, large layoffs at major tech firms and "old economy" companies like UPS and Dow signal conservatism on growth expectations and cost structures. • The rapid rise of AI coding assistants like GitHub Copilot creates long-term uncertainty around developer hiring, a core engine of the traditional software economy.

Share Price Performance since September 2025(1)

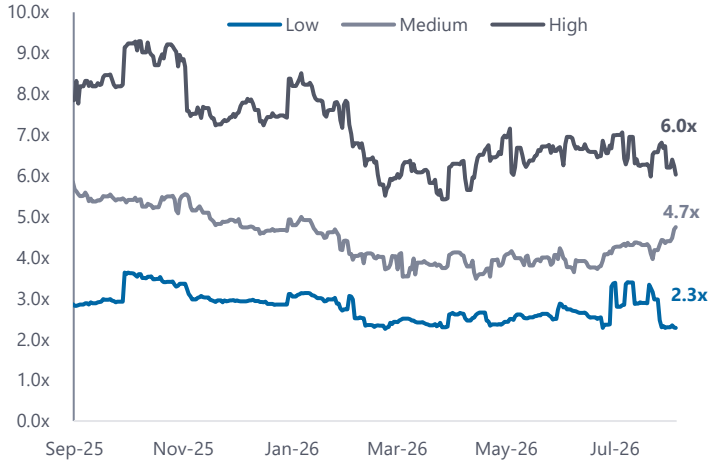


Software valuations have partially recovered as investors differentiate AI winners from business facing durable displacement risk

Share Price Change Since to Current(1)

	9/25	YTD
IGV	(15%)	10%
NASDAQ	17%	14%

EV/NTM Revenue by Growth Segment(2)(3)



Valuation multiples remain below September 2025 levels as investors continue to underwrite lower long-term growth expectations.

EV/NTM Multiple Change Since to Current(2)(3)

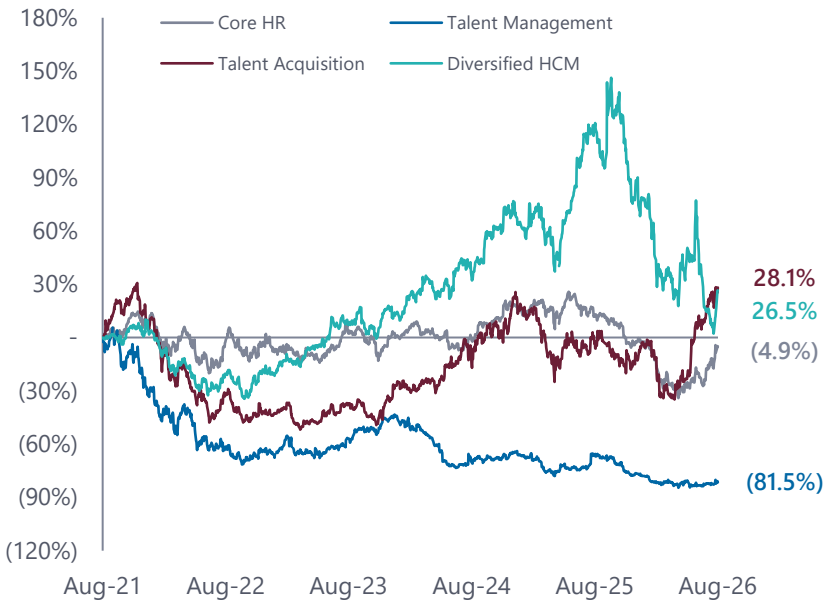
	9/25	YTD
High	(2.3x)	(1.0x)
Medium	(1.1x)	0.2x
Low	(0.7x)	(0.4x)

Sources: S&P Capital IQ as of August 5, 2026; Federal Reserve Economic Data.
(1) Amazon, Google, Microsoft, and Meta.
(2) S&P Capital IQ as of August 5, 2026.
(3) Represents 323 selected SaaS companies trading on major North American, European, and Australian exchanges; includes both current public companies as well as those previously taken private.
(4) Low growth represents <5% Rev. Growth; Medium is 5-15% Rev. Growth; High is >15% Rev. Growth.

Core HR and Talent Acquisition Remain the Most Resilient Segments Within HCM Software

Relative share price resilience and valuation stability underscore the durability of these mission-critical software categories.

Stock Price Performance



	Core HR	Diversified HCM	Talent Management	Talent Acquisition
YTD 2026	0%	(28%)	(18%)	34%
1-Year	(14%)	(43%)	(49%)	37%
3-Year	(7%)	15%	(57%)	105%
5-Year	(5%)	27%	(82%)	28%

Enterprise Value/NTM Revenue Multiple



	Core HR	Diversified HCM	Talent Management	Talent Acquisition
Current	4.7x	5.4x	0.7x	4.0x
1-Year Mean	4.7x	7.4x	1.1x	3.1x
3-Year Mean	5.8x	7.6x	2.0x	3.1x
5-Year Mean	6.3x	7.0x	3.0x	3.0x

Enterprise Value/NTM EBITDA Multiple

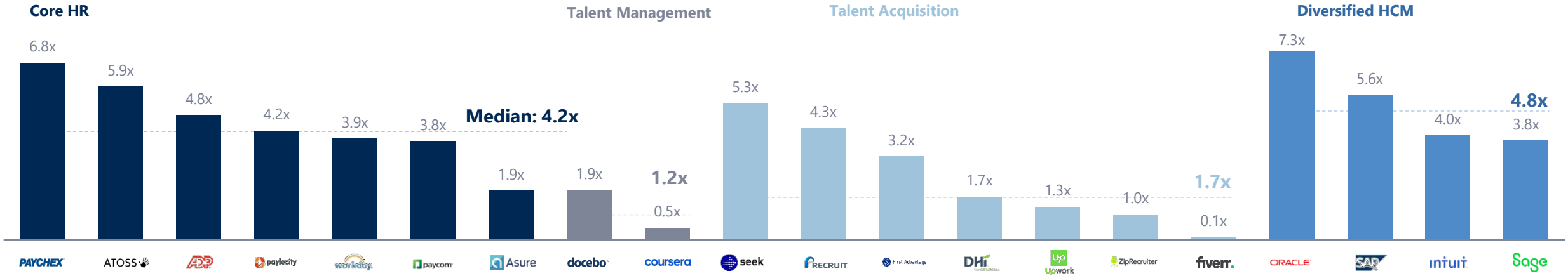


	Core HR	Diversified HCM	Talent Management	Talent Acquisition
Current	13.7x	11.5x	4.1x	16.6x
1-Year Mean	13.8x	16.7x	9.3x	13.8x
3-Year Mean	17.7x	17.9x	NA	15.4x
5-Year Mean	20.1x	16.7x	NA	16.1x

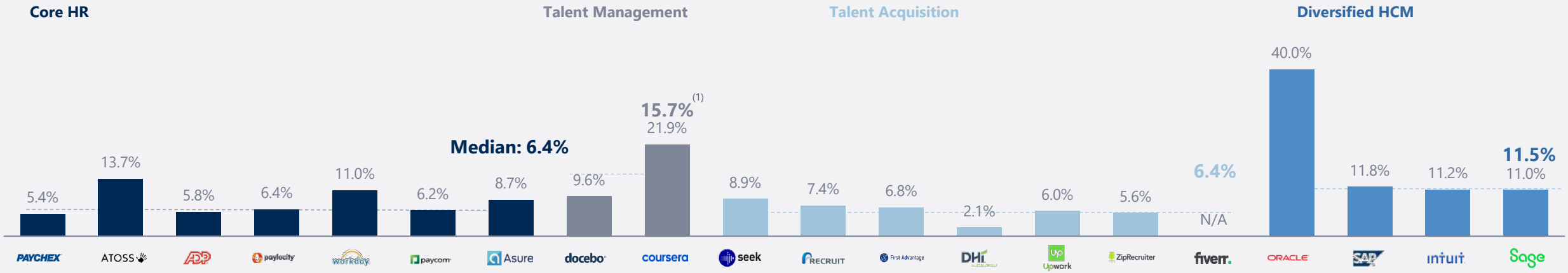
Source: S&P Capital IQ as of August 5, 2026.
Notes: Nasdaq indices weighted by market capitalization; HCM and payroll indices exclude >75.0x EV/EBITDA and >20.0x EV/Rev.; HCM software includes core HR: ADP, ASUR, XETR: AOF, PAYX, PAYC, PCTY, WDAY; talent management: COUR, DCBO; talent acquisition: DHX, FA, FVRR, TYO: 6098, ASX: SEK, UPWK, ZIP; and diversified HCM: INTU, ORCL, SAGE, SAP. Changes to indices since last report: Removed Zalarias from core HR. Removed Udemy from talent management.

HCM Tech—Comparable Public Company Benchmarking

EV/2026E Revenue Multiple



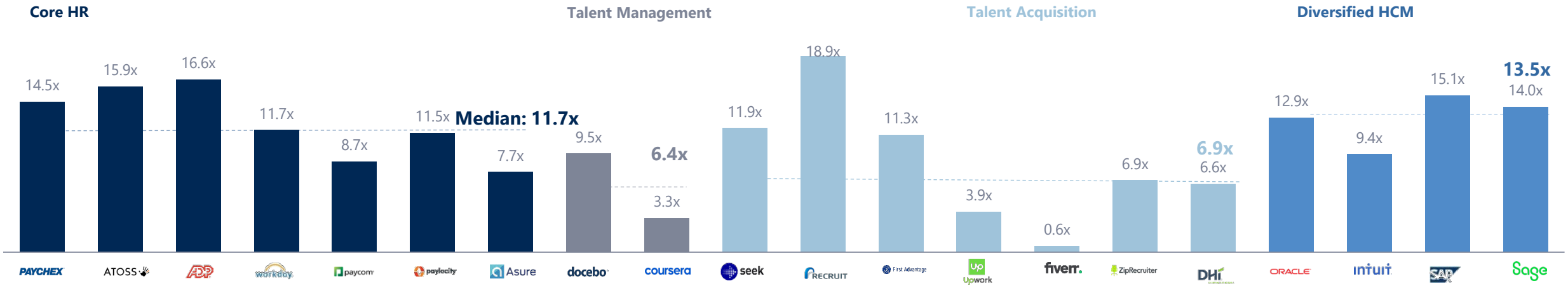
2026E–2027E Revenue Growth



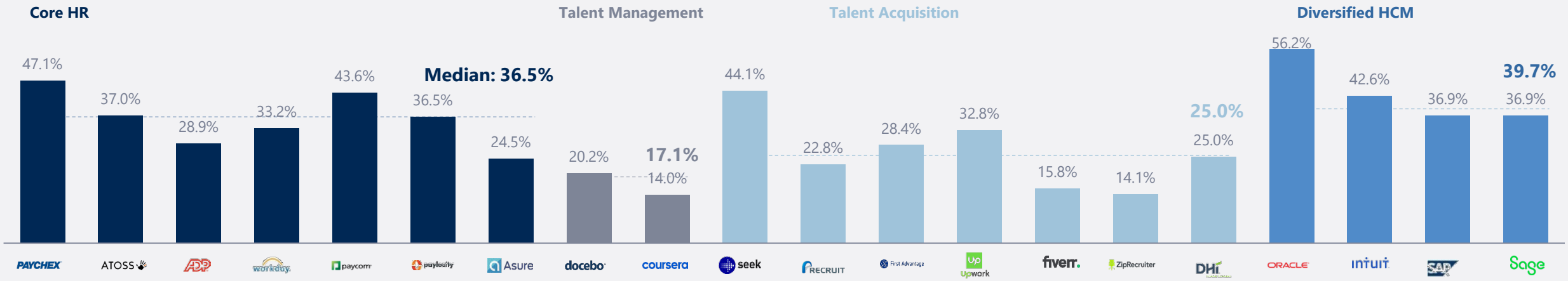
Source: Trading multiples are based on share price, other market data, and broker consensus future revenue and earnings estimates from S&P Capital IQ as of August 5, 2026.
(1) Pro-Forma growth for acquisitions.

HCM Tech—Comparable Public Company Benchmarking (cont.)

EV/2026E EBITDA Multiple



2026E EBITDA Margin

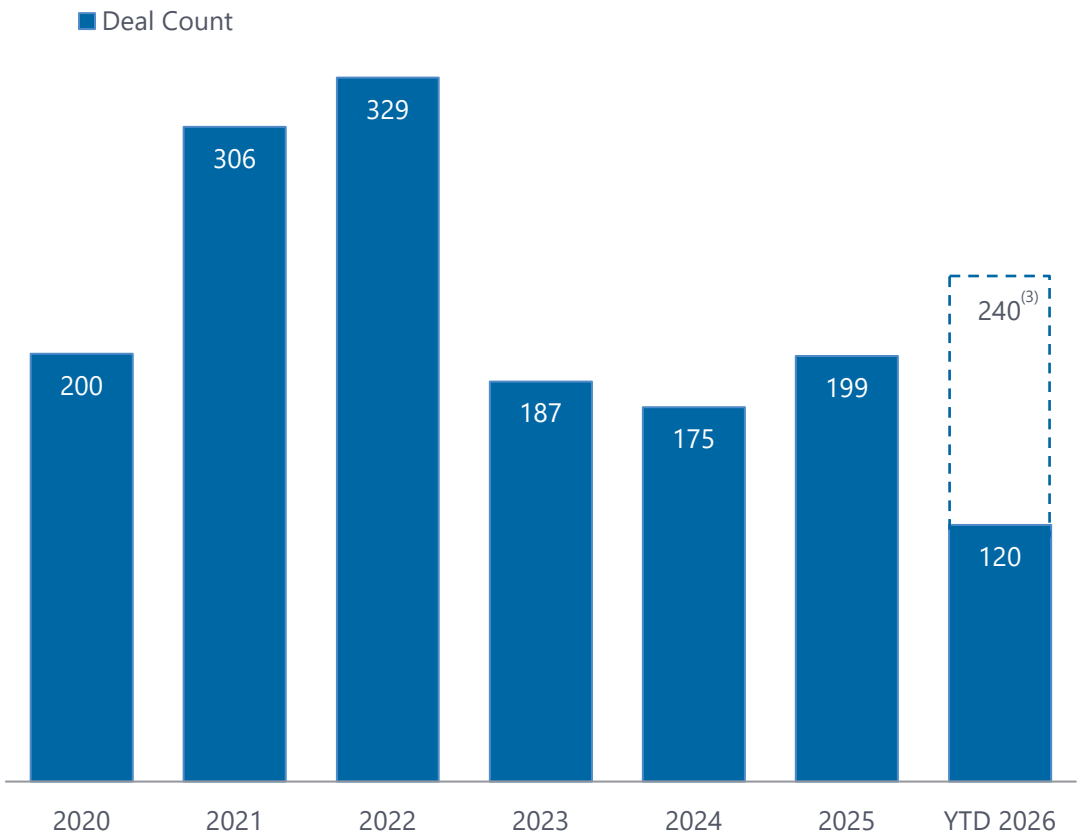


Source: Trading multiples are based on share price, other market data, and broker consensus future revenue and earnings estimates from S&P Capital IQ as of August 5, 2026.

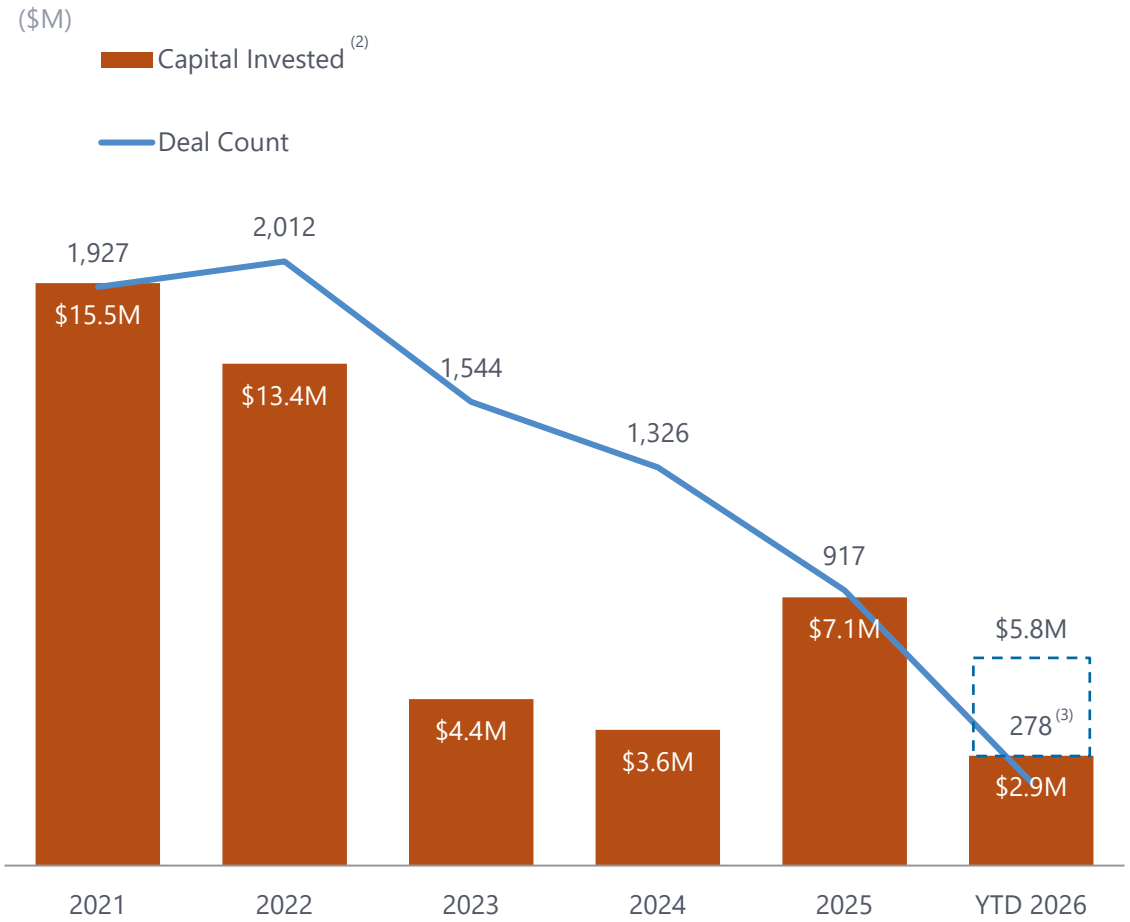
HCM Technology Investment and M&A Deal Dashboard | YTD 2026

HCM Tech: M&A Activity

Total annual disclosed deal value has reached $12.1 billion in 2026 versus $16.2 billion in full-year 2025, an implied increase of ~49%.(1)



HCM Tech: Venture Capital and Growth Equity Activity



Source: PitchBook as of July 30, 2026.
(1) Reflects publicly disclosed M&A value in 2026.
(2) Reflects publicly disclosed capital investment amount in 2026.
(3) Dashed boxes indicate full-year 2026 implied based on YTD activity.



Appendix

Highlighted M&A Transactions

Announced Date	Target	Acquirer	Description	EV ($M)	LTM Rev ($M)	EV/LTM Rev.
6/26	Payoneer	nuvei	Developer of cross-border payments infrastructure designed to help businesses, marketplaces, and professionals transact internationally.	~$2300		
5/26	ezra	greenhouse	Developer of AI-based recruitment tools designed for automating candidate evaluation.	ND		
4/26	WORKSTEP	learningpool	Developer of an AI-powered employee engagement platform designed for organizations with a large frontline workforce.	*Confidential*		
4/26	cocoon	trinet	Developer of a leave management platform designed to address different types of employee days off.	NA		
4/26	GRAYSCALE	paylocity	Developer of a frontline engagement platform intended to speed up the recruitment process and create a consistent white-glove candidate experience.	$50M		
4/26	CENTRAL	MERCURY	Operator of a payroll and benefits platform intended to facilitate financial operations.	*Confidential*		
3/26	GLIDER	findem	Developer of a conversational AI platform designed to streamline recruiting, assess candidate skills, and support workforce learning and development.	ND		
3/26	HRSoft	GRYPHON INVESTORS	SaaS platform encompassing total compensation planning, pay for performance, long-term incentive management, and total rewards communication.	*Confidential*		
2/26	INTERNSHALA internships that matter	upGrad	An early-talent marketplace for internships and fresher jobs.	~$11		
1/26	Apploi	VIVENTIUM	Developer of recruitment software designed to hire healthcare staff.	*Confidential*		

For additional deal data, please contact:

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Sources: PitchBook, 451 Research, and S&P Capital IQ.

Highlighted Financings

Announced Date	Target	Investor	Description	Investment ($M)	Post-Money Val. ($M)
07/26	skello	Bridgepoint	Developer of a human resource management software designed to help effectively schedule and optimize staff.	~$230	NA
06/26	factorial	General Catalyst	Developer of a workforce management platform designed to automate payroll, time management, talent development, and human resources processes for businesses.	~$150	~$2,510
06/26	convey.	andreessen horowitz	Developer of AI agents designed to automate workflows and operational tasks across enterprise systems.	~$38	NA
06/26	Orbio®	dawn.	Developer of an AI-powered human resources system designed to automate hiring and organizational management for enterprises with large workforces.	~$21	NA
05/26	benefitbay®	TEN COVES CAPITAL	Developer of an administration platform designed to offer personalized benefits for the modern workforce.	~$18	~$121
04/26	kashable®	Goldman Sachs Asset Management	Developer of a financial wellness software designed to offer socially responsible financing to employees as an employer-sponsored voluntary benefit.	~$60	NA
04/26	Sona.	Felicis	Developer of an AI platform designed to hire independent tech talent at zero commission.	~$45	NA
03/26	Paraform	SCALE VENTURE PARTNERS	Developer of a recruiting platform intended to connect companies with specialized recruiters.	~$40	~$453
03/26	origin	NOTION CAPITAL	Developer of an AI-powered global benefits intelligence platform intended to transform employee benefits into a transparent, insight-driven, and strategic function.	~$30	NA
01/26	pasito	INSIGHT PARTNERS	Developer of a benefits enrollment platform designed to empower financial health through better health and pre-tax decisions.	~$21	~$104
01/26	Compa	JumpCapital	Developer of a compensation intelligence platform designed to help organizations manage pay strategies with greater accuracy and alignment.	~$35	~$182

Sources: PitchBook, 451 Research, and S&P Capital IQ.

Selected Comparable Public Companies ($M, except per-share prices)

Company	Stock Price 8/5/2026	Stock Price % of 52 Wk High	Enterprise Value (EV)	Trading Metrics				Operating Metrics					
				EV/Revenue		EV/EBITDA		Revenue Growth		EBITDA Margin		Rule of 40[1]	
				CY26E	CY27E	CY26E	CY27E	CY26E	CY27E	CY26E	CY27E	CY26E	CY27E
Core HR													
ADP	$270.09	87.1%	$108,442.7	4.8x	4.5x	16.6x	15.1x	6.6%	5.8%	28.9%	30.1%	35.5%	35.8%
Workday	$170.64	68.3%	$41,594.3	3.9x	3.5x	11.7x	10.2x	11.8%	11.0%	33.2%	34.5%	45.0%	45.5%
Paychex	$118.27	83.4%	$45,553.2	6.8x	6.5x	14.5x	13.3x	10.8%	5.4%	47.1%	48.5%	57.9%	53.9%
Paycom	$174.80	70.2%	$8,388.7	3.8x	3.6x	8.7x	8.0x	7.8%	6.2%	43.6%	44.7%	51.4%	50.8%
Paylocity	$147.81	74.7%	$7,703.4	4.2x	3.9x	11.5x	10.7x	9.8%	6.4%	36.5%	36.7%	46.3%	43.1%
ATOSS	$99.87	69.8%	$1,456.1	5.9x	5.2x	15.9x	13.9x	11.0%	13.7%	37.0%	37.4%	48.0%	51.1%
Asure	$8.60	84.3%	$303.6	1.9x	1.7x	7.7x	6.9x	14.6%	8.7%	24.5%	25.1%	39.1%	33.9%
Mean				4.5x	4.1x	12.4x	11.2x	10.3%	8.2%	35.8%	36.7%	46.2%	44.9%
Median				4.2x	3.9x	11.7x	10.7x	10.8%	6.4%	36.5%	36.7%	46.3%	45.5%
Talent Management													
Docebo	$20.28	62.3%	$525.5	1.9x	1.7x	9.5x	7.9x	13.5%	9.6%	20.2%	22.0%	33.7%	31.6%
Coursera, Inc.	$5.81	44.9%	$563.7	0.5x	0.4x	3.3x	2.3x	64.3%	21.9%	14.0%	16.4%	78.3%	38.4%
Mean				1.2x	1.1x	6.4x	5.1x	38.9%	15.7%	17.1%	19.2%	56.0%	35.0%
Median				1.2x	1.1x	6.4x	5.1x	38.9%	15.7%	17.1%	19.2%	56.0%	35.0%
Talent Acquisition													
Recruit	$80.73	95.5%	$108,789.2	4.3x	4.0x	18.9x	16.4x	10.7%	7.4%	22.8%	24.4%	33.5%	31.7%
SEEK	$10.63	50.5%	$4,616.2	5.3x	4.8x	11.9x	10.6x	12.7%	8.9%	44.1%	45.7%	56.7%	54.6%
First Advantage	$20.56	90.3%	$5,367.5	3.2x	3.0x	11.3x	10.3x	8.3%	6.8%	28.4%	29.0%	36.7%	35.9%
Upwork	$9.59	42.0%	$984.3	1.3x	1.2x	3.9x	3.4x	NA	6.1%	32.8%	35.0%	32.8%	41.1%
ZipRecruiter	$4.25	75.8%	$440.6	1.0x	0.9x	6.9x	6.3x	0.4%	5.6%	14.1%	14.7%	14.5%	20.3%
Fiverr	$9.45	33.8%	$33.9	0.1x	0.1x	0.6x	0.8x	NA	NA	15.8%	14.0%	15.8%	14.0%
DHI Group	$4.18	95.9%	$206.9	1.7x	1.6x	6.6x	6.3x	NA	2.1%	25.0%	25.6%	25.0%	27.7%
Mean				2.4x	2.2x	8.6x	7.7x	8.0%	6.1%	26.1%	26.9%	30.7%	32.2%
Median				1.7x	1.6x	6.9x	6.3x	9.5%	6.5%	25.0%	25.6%	32.8%	31.7%
Diversified HCM													
Oracle Corporation	$144.39	41.8%	$556,951.2	7.3x	5.2x	12.9x	9.4x	25.3%	40.0%	56.2%	55.3%	81.5%	95.2%
SAP	$195.43	65.7%	$224,199.2	5.6x	5.0x	15.1x	13.1x	8.7%	11.8%	36.9%	38.1%	45.6%	49.8%
Intuit Inc.	$327.94	41.7%	$89,823.7	4.0x	3.6x	9.4x	8.4x	11.8%	11.2%	42.6%	43.0%	54.4%	54.1%
The Sage Group plc	$13.64	84.4%	$14,269.6	3.8x	3.4x	14.0x	12.4x	10.9%	11.0%	27.3%	27.7%	38.1%	38.7%
Mean				5.2x	4.3x	12.9x	10.8x	14.2%	18.5%	40.7%	41.0%	54.9%	59.5%
Median				4.8x	4.3x	13.5x	10.9x	11.3%	11.5%	39.7%	40.5%	50.0%	52.0%
Global Mean				**3.6x**	**3.2x**	**10.5x**	**9.3x**	**14.1%**	**10.5%**	**31.5%**	**32.4%**	**43.5%**	**42.4%**
Global Median				**3.9x**	**3.5x**	**11.4x**	**9.8x**	**10.9%**	**8.7%**	**30.8%**	**32.3%**	**42.1%**	**39.9%**

Source: Trading multiples are based on share price, other market data, and broker consensus future revenue and earnings estimates from S&P Capital IQ as of August 5, 2026.
Notes: "NM" is defined as multiple >50x or <0x.
(1) Rule of 40 is defined as NTM Revenue growth + FCF margin.

Leading HCM Technology Software Practice

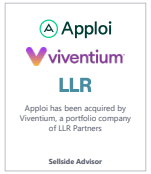
50+

Deals Across the HCM Technology Landscape Since 2016

- Talent Acquisition
- Core HR
- Talent Management



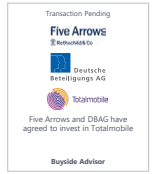
Workforce Management



Workforce Management



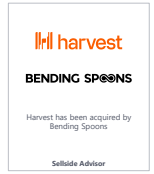
Employee Engagement



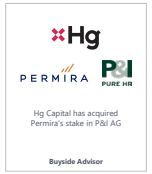
Field Service Management



Field Service Management



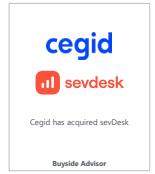
Workforce Management



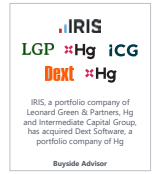
Core HR



Workforce Management



Expense Automation



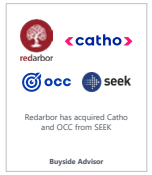
Expense Automation



Payroll and HRIS



Retail Analytics



Hiring Tools and Marketplaces



Employee Benefits



Learning and Compliance



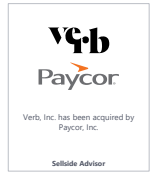
Recruitment Marketing



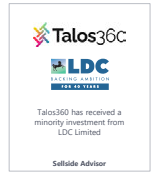
Recruitment Marketing



Workforce Management



Hiring Tools and Marketplaces



Learning and Compliance



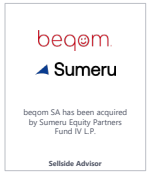
Employee Experience



Performance and Succession



Workforce Management



Compensation Management



HR and Tax Compliance



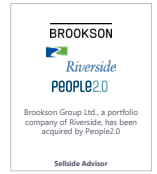
Vertical HCM



Workforce Management



Payroll



Compliance



Payroll



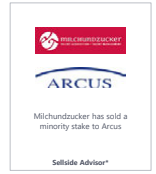
Workforce Communications



Corporate Learning



HR and Payroll



Talent Mgmt. and Recruitment



HRIS



Internal Communications



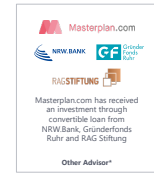
Temporary Staffing



Compliance E-Learning



Learning Management



Corporate E-Learning

HR Compliance

HRIS

Payroll

Learning Management

Recruitment

Workplace Solutions

Learning Management

Recruitment

Workforce Management

Workforce Management

Tombstones included herein represent transactions closed from 2018 forward.
**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.*

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