

Houlihan
Lokey

2024 HCM Technology
Year in Review

February 2025



Houlihan Lokey A Global Technology Advisory Leader



\$12.75B
Market Cap⁽¹⁾

HQ
Los Angeles

36
Locations
Worldwide

~2,000
Financial
Professionals

175+
Tech Team
Members

30
Subsectors
Covered

415
Global Transactions
Completed in 2024⁽²⁾

No. 1

Global Tech M&A Advisor

2024 M&A Advisory Rankings
All Global Technology Transactions

Advisor	Deals
1 Houlihan Lokey	101
2 Goldman Sachs	98
3 JP Morgan	93
4 Morgan Stanley	81
5 Rothschild	65

Source: LSEG (formerly Refinitiv).
Excludes accounting firms and brokers.

Unparalleled Access

Financial
Sponsors



Strategics



Independent Advice + Deep Sector Coverage + High Touch Execution

No. 1 U.S. Private Equity M&A

2023 Most Active Investment Banks to
Private Equity – U.S.

Advisor	Deals
1 Houlihan Lokey	117
2 William Blair	81
3 Lincoln International	77
4 Piper Sandler	66
5 Raymond James Financial	65
5 Robert W. Baird	65

Source: PitchBook.
Excludes accounting firms and brokers.

30
Global Coverage
Officers

1,300+
Funds
Covered

2,000+
Sponsor-Related
Engagements
in 2024

800+
Companies Sold to
Financial Sponsors
Over the Past Five
Years

Technology Industry
Coverage

(1) As of January 31, 2025.

(2) Source: LSEG (formerly Refinitiv). Excludes accounting firms and brokers.

Global Leadership Team Built to Advise HCM Platforms

Global HCM Sector Team...



Sascha Pfeiffer
Head of European
Technology,
Global Co-Head
Software



Adrian Reed
Managing Director



Kevin Walsh
Managing Director



Ted Sullivan
Director



James Grundy
Vice President



Gage Feldeisen
Associate



Marco Solle
Associate



Arnav Patel
Financial Analyst



Shane Jamison
Financial Analyst

*Tombstones included herein represent transactions closed from 2020 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 Ecosystem

Core HR

Payroll

HRIS

Workforce Management

Contingent Labor

Compensation and Benefits

Talent Acquisition

Sourcing

Recruitment Marketing

Assessments

Hiring Tools and Marketplaces

Applicant Tracking and
Engagement

Onboarding

Talent Management

Performance and Succession
Management

Talent Analytics and Optimization

Learning and Compliance

Employee Experience

Transaction Pending

cegid

has agreed to acquire

sevdesk

Buy-side Advisor

IRIS

a portfolio company of

LGP Hg ICG

has acquired

Dext

a portfolio company of

Hg

Buy-side Advisor

jinjer

has been acquired by

potentia

J-STAR

Sell-side Advisor

redarbar

has acquired

catho

and

occ

from

seek

Buy-side Advisor

Great Hill PARTNERS

has successfully secured a debt
facility package to fund its
acquisition of

vivup

and

perkbox

Financing Advisor

cloudpay

growth financing led by

OLAVAN

\$58,000,000

Financial Advisor*

Expense Automation

TRACK TIK

has been acquired by

trackforce VALIANT

a portfolio company of

SI INVESTMENT MANAGEMENT

Sell-side Advisor

Expense Automation

beqom

has been acquired by

Sumeru

Sell-side Advisor

Payroll and HRIS

TEAM Software

has been acquired by

WORKWAVE

Sell-side Advisor*

Recruitment Marketing

paylocity

has acquired

bluemarble

GLOBAL PATROLL

Fairness Opinion

Employee Benefits

socialchorus

has merged with

Dynamic Signal

Financial Advisor*

Payroll

CIPHR

ALL ABOUT PEOPLE

a portfolio company of

LDC

received a majority investment from

eci

Sell-side Advisor*

Workforce Management

Compensation Management

Workforce Management

Payroll

Employee Engagement

HRIS

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

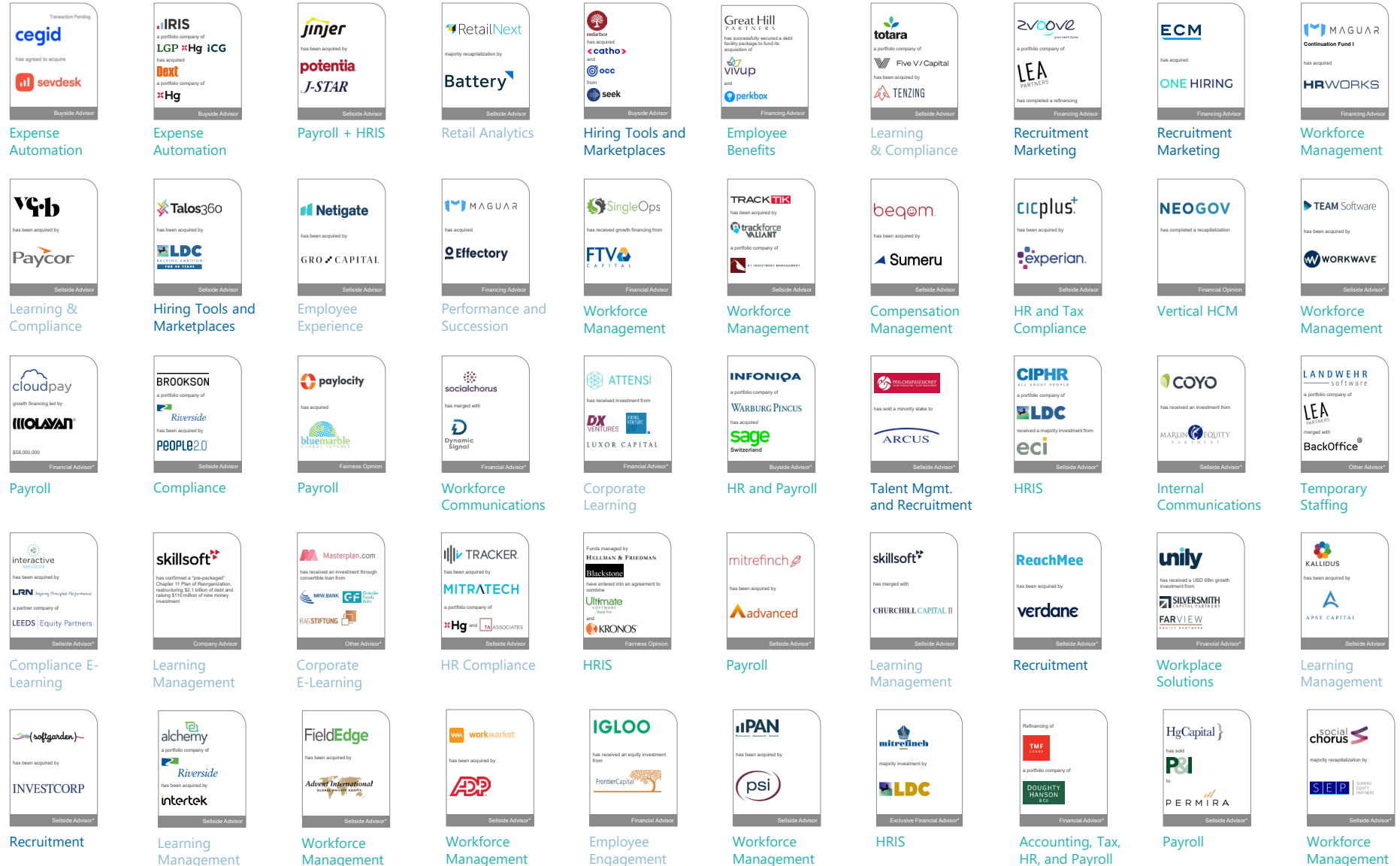
single specialized
HCM practice
across the world.

Leading HCM Software Practice

50+

Deals Across the HCM Landscape Since 2016

- Talent Acquisition
- Core HR
- Talent Management



Tombstones included herein represent transactions closed from 2016 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.

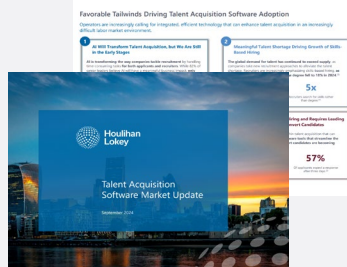
Houlihan Lokey Is a Thought Leader in HCM

Houlihan Lokey has proven, global expertise in HCM software.

Thought Leadership

Regular Market Updates

- Multiple market update presentations highlight the unique subsectors within HCM
- Unique content and market insights



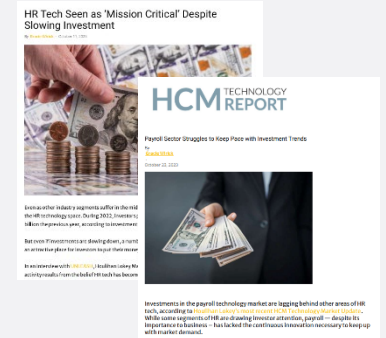
Topical Q&A

- Specific subsector Q&A to highlight the markets that Houlihan Lokey is active in



Media Relations

- Proven content and events highlight media partnerships



Events

ONE Conference

- New York conference in May 2025 featuring Houlihan Lokey's Business Services and Technology groups
- Fall conference in November 2025 in London



Sector Dinner London

- Mix of private equity and strategic attendees
- Facilitated discussions covering the latest takes on the payroll and EOR industry and investment trends



2025 Industry Conferences

- March 4–5: **HR Tech in Europe**
- March 11–13: **IAMPHENOM**
- March 17–19: **Transform HR**
- June 29–July 2: **SHRM25**
- September 16–18: **HR Tech**





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Tech and Macro Backdrop

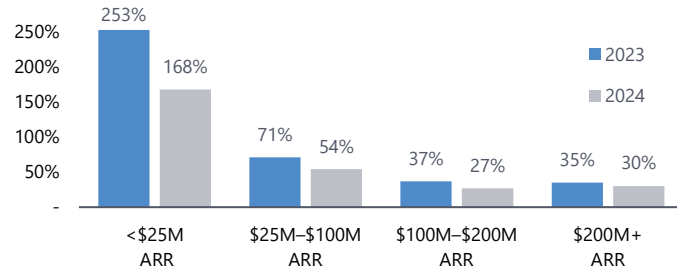
01

Technology Market Backdrop

01 Private Software Company Performance Was Mixed in 2024

- Growth has slowed YoY across all size cohorts of private software, but signs point to stabilization and an uptick in growth—particularly for early-stage firms.

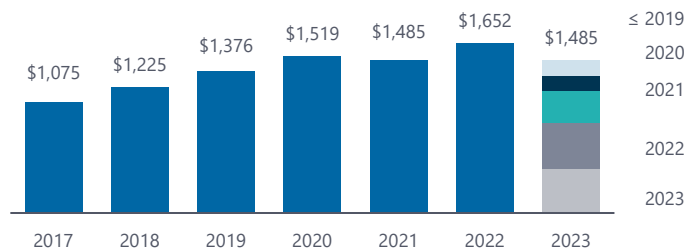
Top Quartile YoY ARR Growth⁽¹⁾



04 Private Equity Eager to Deploy ~\$1.5 Trillion of Dry Powder

- Buy and sell pressure continues to increase, given aging portfolios and record levels of dry powder.

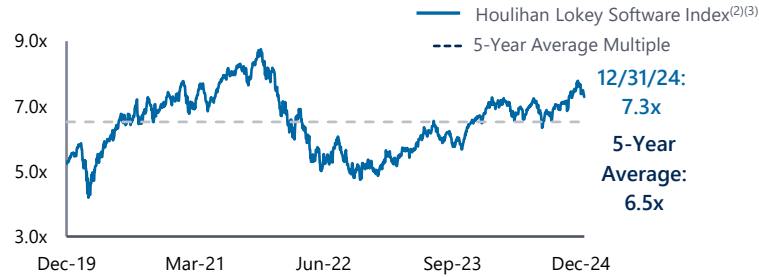
Growth and Buyout Equity—Available Capital⁽⁵⁾ (\$B)



02 Public Multiples Rebound From Sharp Decline

- Public markets continue to rebound on the back of declining rates.

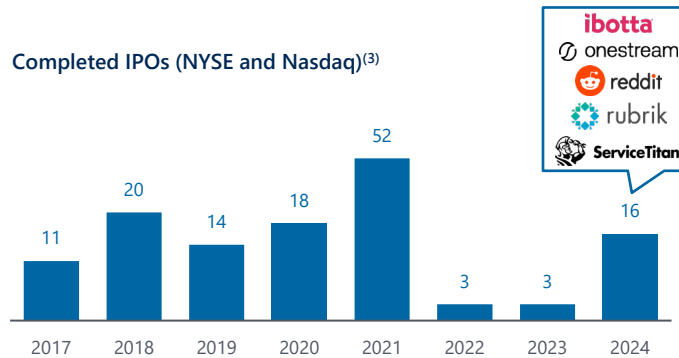
NTM Software Revenue Multiple



05 Technology IPO Markets Showed Promise in 2024

- The 2024 IPO market recovered to pre-2021 levels.

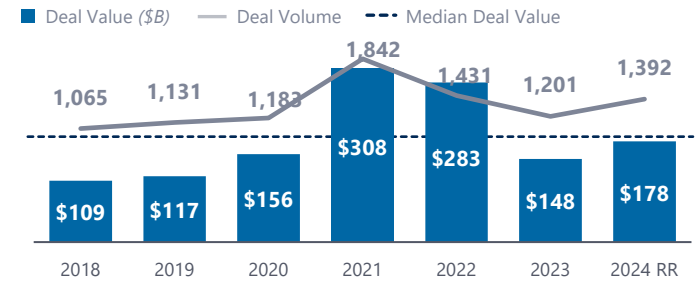
Completed IPOs (NYSE and Nasdaq)⁽³⁾



03 Tech Private Equity Dealmaking on the Rise

- Run-rate U.S. PE deal value up approximately 20% YoY, driven by expectations of upcoming rate cuts.

U.S. Technology PE Deal Value and Volume⁽⁴⁾



06 The Best Assets Are Getting Outsized Attention

- Investors/buyers continue to pursue businesses that have raised capital at reasonable valuations and have demonstrated capital efficiency, strong growth, and strong KPIs.
- Companies with this “A+” profile are receiving premium valuations in highly competitive sales processes.
- “Platform” assets often warrant a further premium as they provide options for sponsors to buy down the multiple via M&A.

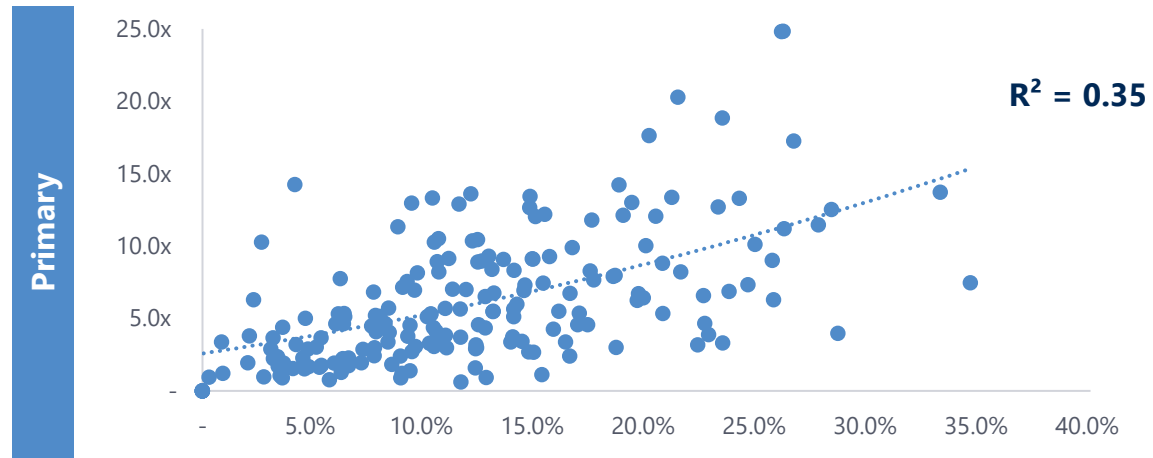
(1) The ICONIQ Growth Enterprise Five, September 2024.
 (2) Index comprising more than 200 selected public software companies.
 (3) S&P Capital IQ as of December 31, 2024.

(4) PitchBook, “Q3 2024 US PE Breakdown.”
 (5) PitchBook, “Q2 2024 Global Private Market Fundraising Report.”

How to Attain a Top-Tick Valuation

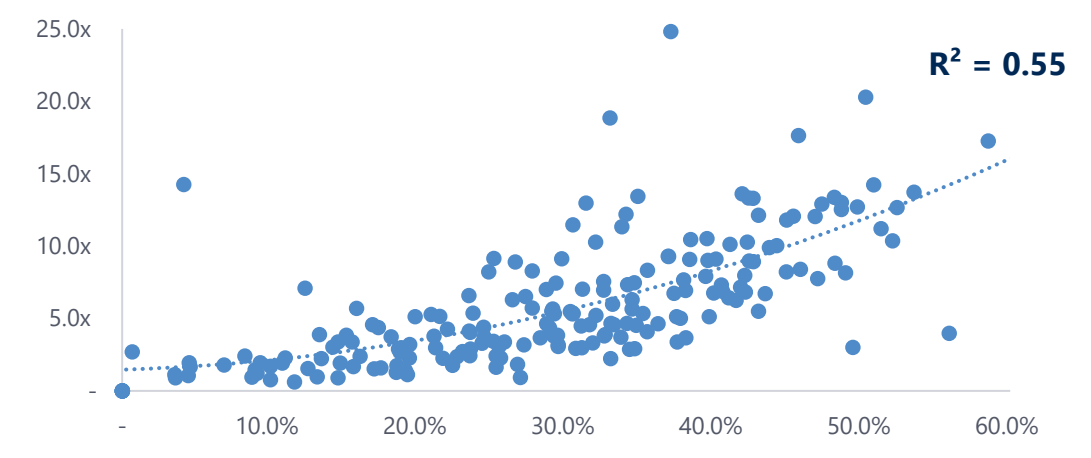
SaaS vendors need to show a strong “Rule of 40” profile supported by other essential KPIs.

EV/NTM Revenue vs. NTM Growth Percent



Paradigm Shift to Efficiency in High-Rate Environment

EV/NTM Revenue vs. NTM “Efficiency” (aka Rule of 40)⁽¹⁾



Primary

Secondary

Revenue Model Scale & Growth

- Proven track record of organic growth (20% at scale).
- Limited cyclicality or exposure to take-rate models.
- Strong forward visibility and/or highly contracted revenues.

Operating Profile

- Scalability across the cost structure, including gross margin (services mix), SG&A (efficiency), and R&D (product development mix).
- Established “Rule of 40” profile or near-term path with identifiable levers.

Efficient GTM, Net Retention/ Gross Churn

- Demonstrated expansion with existing customers through cross-sell/upsell.
- Sustainability of go-to-market approach.
- Limited churn of larger customers.

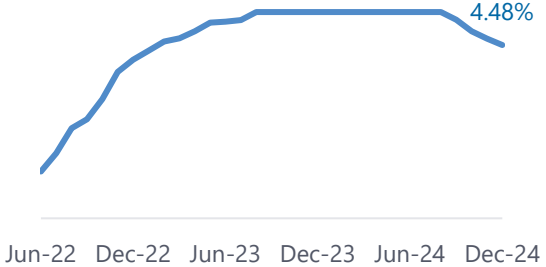
Customer Base

- High-quality customer base with leadership potential in selected verticals.
- Limited customer concentration and the ability to scale new clients.
- Consistent cohort patterns and demonstrated scalability of the go-to-market approach.

Macro Backdrop for HCM Software

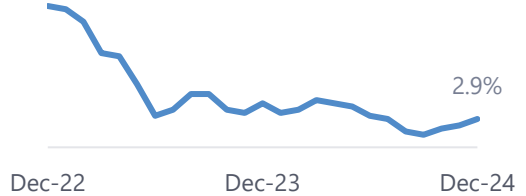
Federal Funds Rate

The Federal Funds Rate has begun to wane to approximately 4.5% after a rapid increase in 2022–2023 to fight inflation.



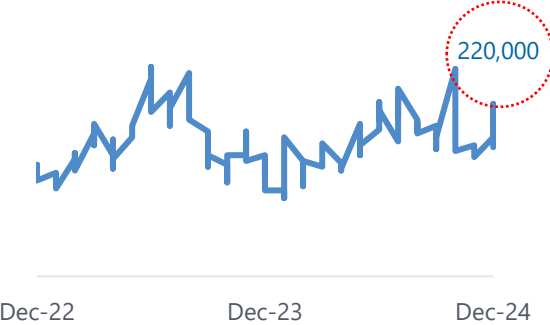
Inflation

With interest rates having come down in the past year, inflation has followed to 2.9%.



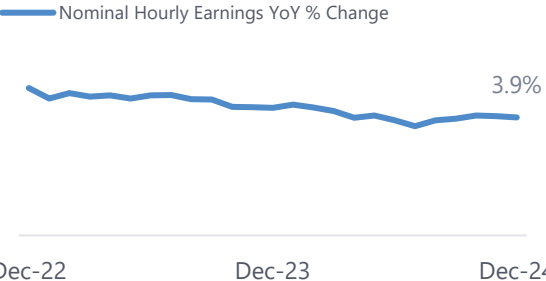
Initial Jobless Claims

Recent upticks in jobless claims highlight an increasingly difficult labor market.



Average Hourly Earnings

Spending power has decreased with inflation as payrolls continue to rise.



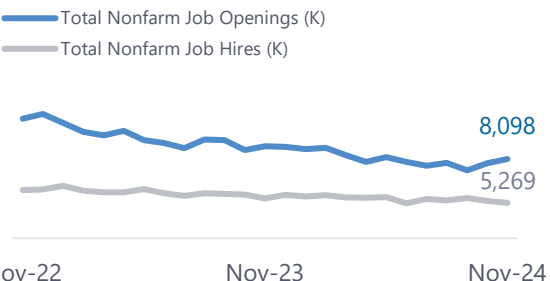
Unemployment Rate

Unemployment has crept up 60 basis points since August 2022 but remains near all-time lows.



Total Nonfarm Job Openings vs. Hires

Softening labor demand has decreased job openings meaningfully, while job hires have remained somewhat stable.



Key Takeaways

- Rising unemployment rates underscore the need for HCM platforms to manage larger applicant pools efficiently, streamline workflows, and empower HR teams to focus on strategic initiatives like workforce planning and employee engagement
- Advanced HCM software solutions will benefit organizations by addressing hiring constraints, supporting workforce reskilling, and enabling better workforce allocation through robust data analytics and forecasting tools
- AI-driven capabilities within HCM systems have become essential, enhancing decision-making in recruitment, performance management, and workforce optimization while ensuring a seamless employee experience throughout the lifecycle



HCM Technology Themes
and Sector Overview

02

Major Themes in HCM Software Heading Into 2025

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

			Proof Points
01	HCM Is Expanding Into Office of the CFO	<ul style="list-style-type: none"> Several recent acquisitions by leading “horizontal” HCM software players highlight the intent to morph into broader business management suites by incorporating expense management, contract lifecycle management, and potentially other office of the CFO capabilities. SMB-focused vendors see the potential to reduce the total cost of ownership and complexity for their customer base while expanding their TAM and driving growth via cross-selling. 	
02	GenAI Revolution	<ul style="list-style-type: none"> Incumbents such as ADP, Dayforce, and SAP are launching horizontal AI-enabled agents to allow business users to speed up their workflow, execute intelligent queries, and run deep-dive analytics. These introductions come in response to emerging players built on GenAI that leverage large data sets in specialized segments like talent acquisition (Seekout, HireEZ), compensation (beqom, CaptivateIQ), and performance management (Rippling’s Talent Signal). 	
03	Increased Regulations	<ul style="list-style-type: none"> Pay transparency and equity laws push organizations to adopt real-time tools for managing compensation and compliance. New regulations on immigration and AI usage are reshaping hiring practices, requiring robust and transparent HCM solutions. 	
04	Elevating Employee Experiences	<ul style="list-style-type: none"> HCM platforms are evolving into employee-centric ecosystems, offering tools that nurture well-being, encourage meaningful feedback, and personalize career development journeys. This shift reflects a growing recognition that investing in employee experience directly correlates with improved productivity, retention, and overall organizational performance. 	
05	HCM Suites Back in Investor Focus	<ul style="list-style-type: none"> Point solutions are less attractive in this market, given the increased focus on the total cost of ownership. Investor preferences have shifted meaningfully towards HCM platform assets that can service most of their needs; HCM players have leaned into this by offering new capabilities bundled at low/no cost. 	
06	Mobile-First Accessibility	<ul style="list-style-type: none"> Mobile-first HCM solutions are redefining employee accessibility by offering seamless, intuitive access to critical HR functions like benefits management, performance tracking, and time-off requests. These platforms empower a distributed workforce by ensuring that employees stay connected, engaged, and productive, regardless of location or device. 	

Emerging Topics in HCM



Workforce Intelligence



'Gig-Work' Management



Employee Well-Being



API Framework/
Interoperability



Verticalization



User Experience/
Employee Listening



Conversational AI

Tailwinds Driving the Next Evolution of HCM Technology

Operators are increasingly calling for integrated, end-to-end HCM technology solutions that address the full spectrum of HR challenges in an increasingly complex labor market.

01	AI Will Transform HCM Technology	AI is revolutionizing HCM by automating repetitive tasks, improving workforce analytics, and personalizing employee experiences.	82% of senior leaders believe AI will have a meaningful business impact. ⁽¹⁾	33% of businesses currently use AI tools to improve HR productivity. ⁽¹⁾
02	Talent and Skills Challenges Highlight the Need for Smarter Workforce Strategies	HCM platforms are essential for addressing talent shortages and bridging skills gaps, enabling companies to prioritize training and workforce planning.	\$8.5T annual global revenue lost if talent shortage persists. ⁽¹⁾	5x recruiters search for skills rather than degrees. ⁽¹⁾
03	Employee Mobility and Engagement Are Critical for Workforce Retention	Employee mobility and engagement are pivotal factors influencing workforce retention, as organizations need adequate HCM technology to retain talent by facilitating career pathing, internal mobility, and enhanced engagement strategies. ⁽²⁾	64% of workers who have moved internally remain at the organization after three years. ⁽²⁾	3.5x employees who move internally are more likely to be engaged employees. ⁽³⁾
04	End-to-End Offerings Are Cornerstones of Modern HCM Technology	Systems that streamline hiring, payroll, training, and performance management are essential for boosting employee satisfaction and aligning workforce goals with business priorities. The focus on the "total cost of ownership" by businesses has driven this vendor consolidation.	70% of companies with integrated HR solutions report improved operational efficiency. ⁽⁴⁾	15% increase in productivity by harnessing HR data and analytics software. ⁽⁴⁾

Sources:
 (1) Korn Ferry, "Talent Acquisition Trends Report 2024."
 (2) Nestor, "Benefits of Internal Mobility: 5 Statistics You Should Know."
 (3) Employ, "2024 Employ Job Seeker Nation Report."
 (4) Vorecol.

How We Segment the HCM Landscape



Houlihan Lokey views the HCM tech ecosystem in three segments with interconnected offerings, which together are expected to grow from approximately **\$30 billion in 2024 at a 13.6% 5-year CAGR.**⁽¹⁾

Selected Horizontal HCM Suites



Talent Acquisition—\$3.0 billion/9.3%⁽²⁾

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

Sourcing

- › Candidate database
- › Fulfillment

Selected Companies



Recruitment Marketing

- › Job posting
- › Advertising
- › Talent relationship management



Applicant Tracking

- › Applicant tracking system (ATS)



Assessments

- › Digital “gamified” testing
- › Psychometric testing
- › Capability screening



Hiring Tools

- › AI/video interviewing
- › Background checks
- › Internal hiring



Onboarding

- › Employee orientation
- › Culture alignment
- › Compliance



Core HR—\$17.3 billion/12.9%^(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

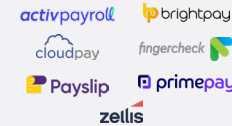
- › System of record
- › Digital document management

Selected Companies



Payroll

- › Digital pay slips
- › Payroll administration
- › Treasury management



Workforce Management

- › Scheduling
- › Time and attendance
- › Absence management
- › Field service management



PEO/EOR/Contingent Labor

- › Global employment administration
- › Freelance/contractor sourcing



Compensation and Benefits

- › Compensation management
- › Benefit administration
- › Expense management



Talent Management—\$9.2 billion/16.7%⁽¹⁾

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

Employee Engagement

- › Internal communication
- › Welfare and well-being
- › Manage and measure engagement

Selected Companies



Performance and Succession

- › Performance reviews
- › 360-degree feedback
- › Culture assessment



Learning and Development

- › LMS
- › EHS
- › Continuous training/upskilling/education



Talent Analytics

- › Operational reporting
- › Workforce planning
- › Employee analytics



(1) Source: Gartner, “Forecast Analysis: Human Capital Management Software, Worldwide,” September 2024.

(2) Source: Coherent Market Insights, January 2025.

(3) Includes administrative HR and workforce management segments.



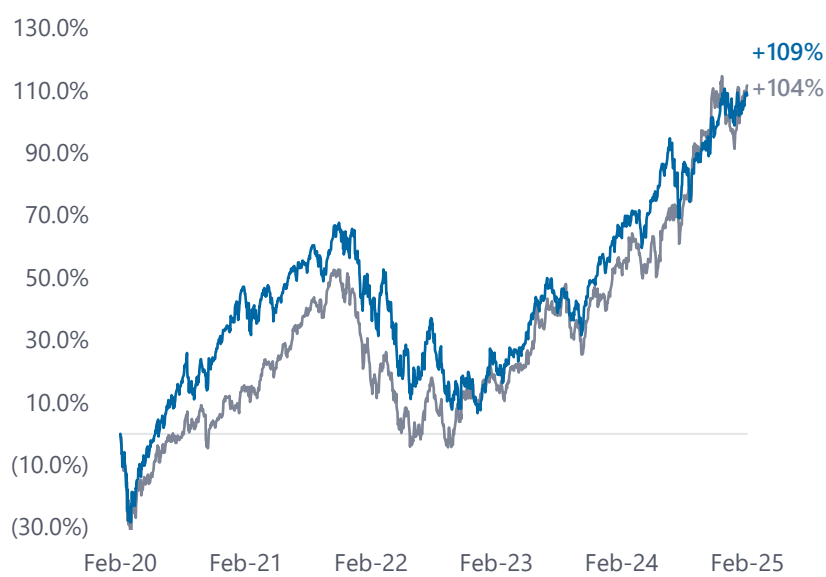
Public Market Updates

03

The HCM Market Demonstrates Resilience With Stable and Upward Trending Valuations

Equity markets are generally the best leading indicator of M&A activity, with strong momentum heading into 2025.

Stock Price Performance



Enterprise Value/NTM Revenue Multiple



Enterprise Value/NTM EBITDA Multiple



	Nasdaq	HCM Software
YTD 2025	+1%	+5%
1-Year	+25%	+38%
3-Year	+44%	+81%
5-Year	+104%	+109%

	Nasdaq	HCM Software
Current	4.7x	7.5x
1-Year Mean	4.4x	6.9x
3-Year Mean	3.8x	5.9x
5-Year Mean	4.0x	6.0x

	Nasdaq	HCM Software
Current	17.8x	20.0x
1-year Mean	17.9x	19.2x
3-year Mean	16.1x	17.1x
5-year Mean	17.0x	17.5x

— Nasdaq — HCM

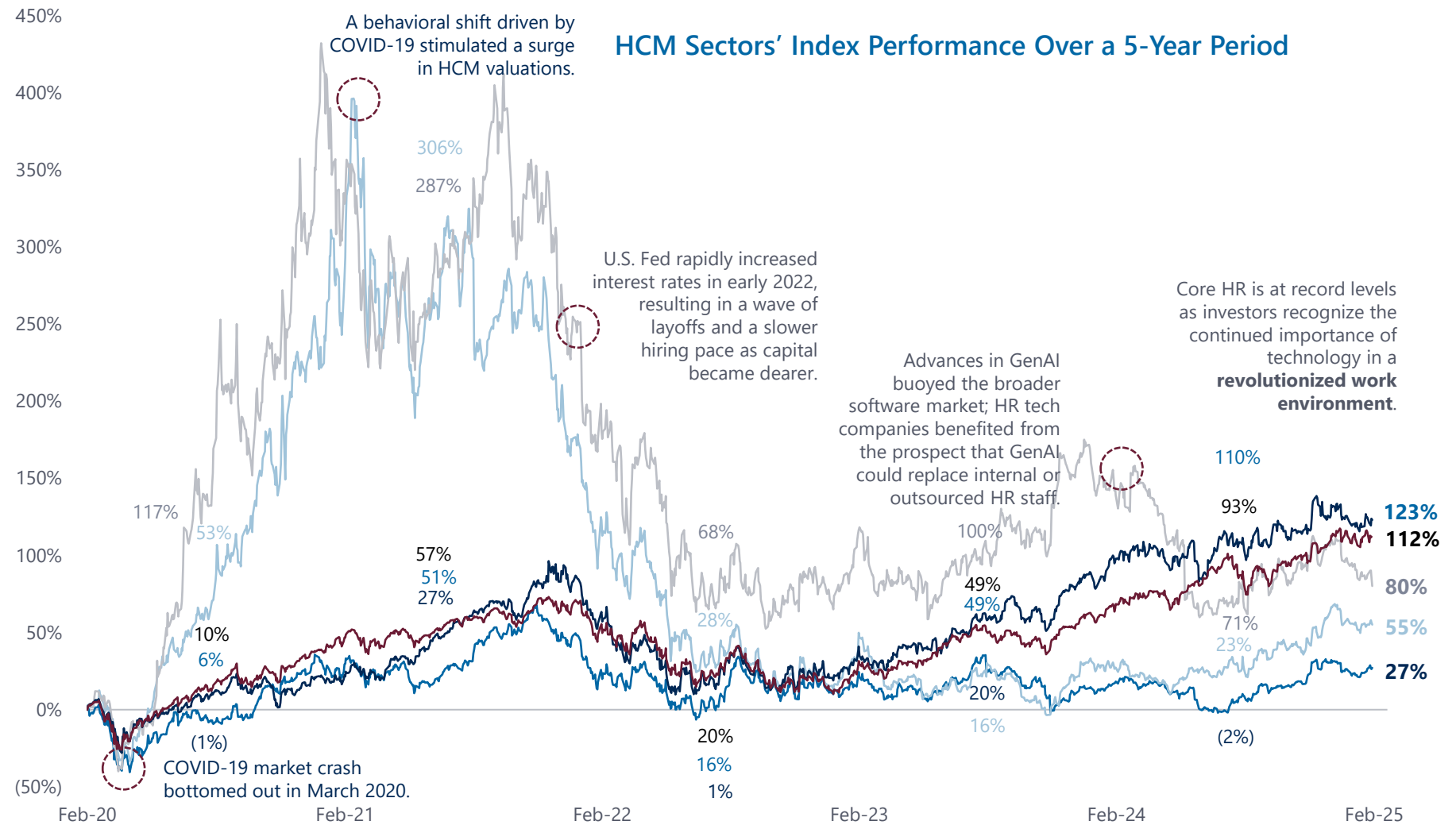
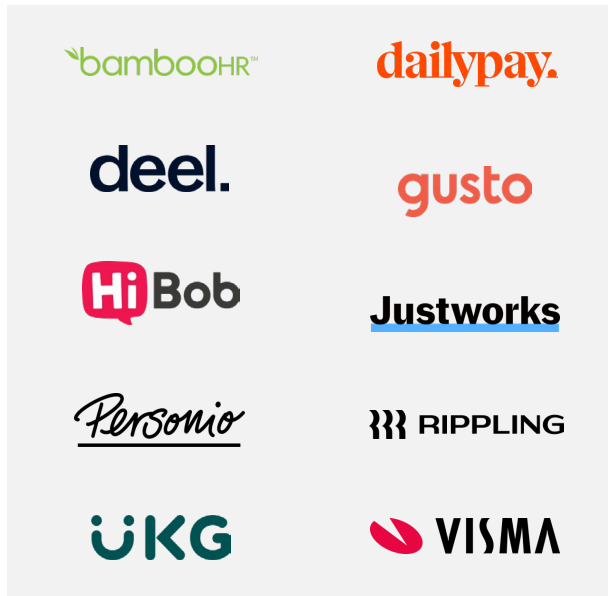
Source: S&P Capital IQ as of February 24, 2025.

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, DAY, PAYX, PAYC, PCTY, WDAY, OB:ZAL; talent management: COUR, DCBO, UDMY; talent acquisition: DHX, FA, FVRR, TYO: 6098, ASX: SEK, UPWK, ZIP; and diversified HCM: INTU, ORCL, SAGE, SAP.

The HCM Market Demonstrates Resilience With Stable and Upward Trending Valuations

Index	LTM	3-Year	5-Year
Core HR	↗ 10%	↗ 3%	↗ 27%
Talent Management	↘ 62%	↘ 113%	↗ 80%
Talent Acquisition	↗ 29%	↘ 63%	↗ 55%
Diversified HCM	↗ 28%	↗ 62%	↗ 123%
Nasdaq	↘ 63%	↘ 54%	↗ 112%

IPO Shadow Backlog

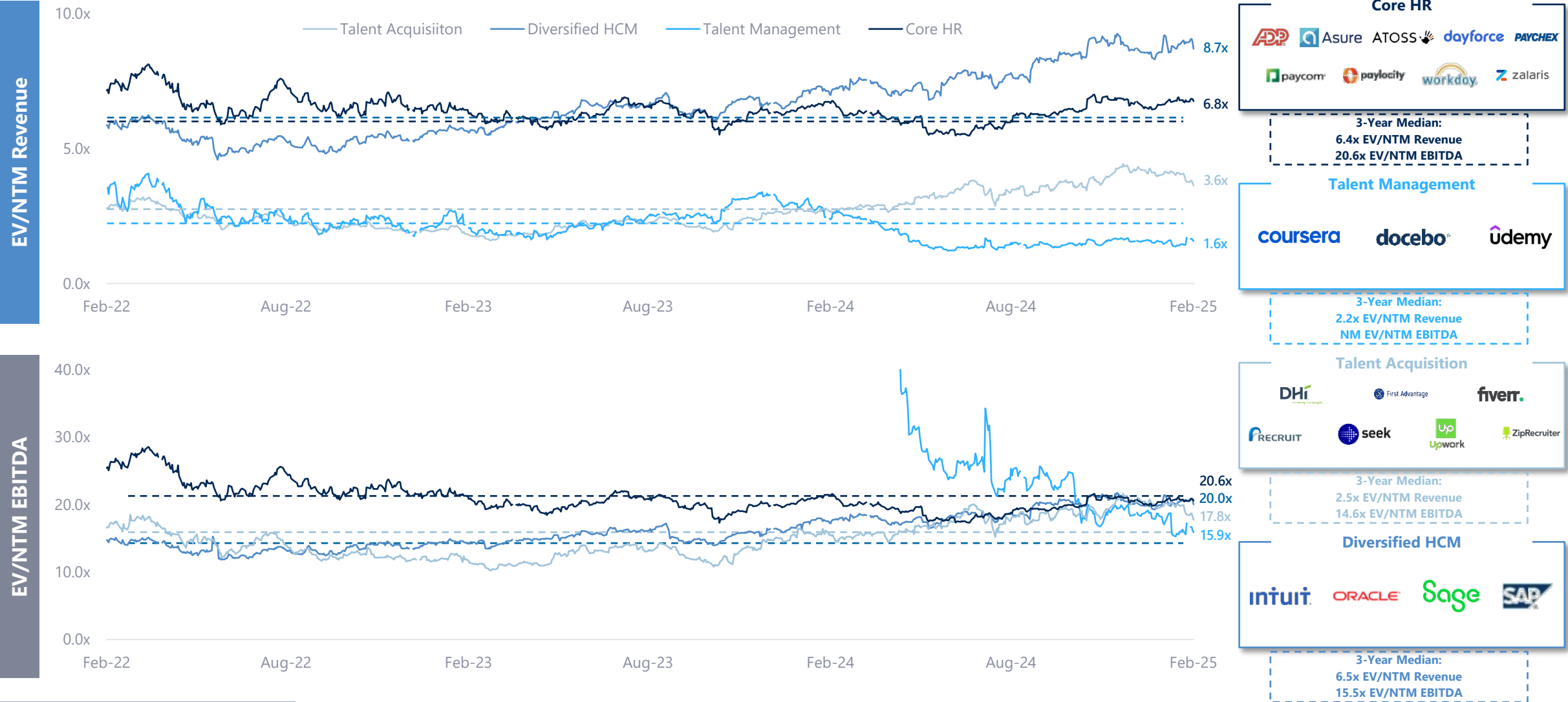


Source: S&P Capital IQ as of February 24, 2025.

Notes: HCM Software includes core HR: ADP, ASUR, XETR: AOF, DAY, PAYX, PAYC, PCTY, WDAY, OB:ZAL; talent management: COUR, DCBO, UDMY; talent acquisition: DHX, FA, FVRR, TYO: 6098, ASX: SEK, UPWK, ZIP; and diversified HCM: INTU, ORCL, SAGE, SAP.

Public HR Tech Valuations Have Diverged on an EV/Revenue Basis, Given the Prospects of Higher Growth and Lower Rates

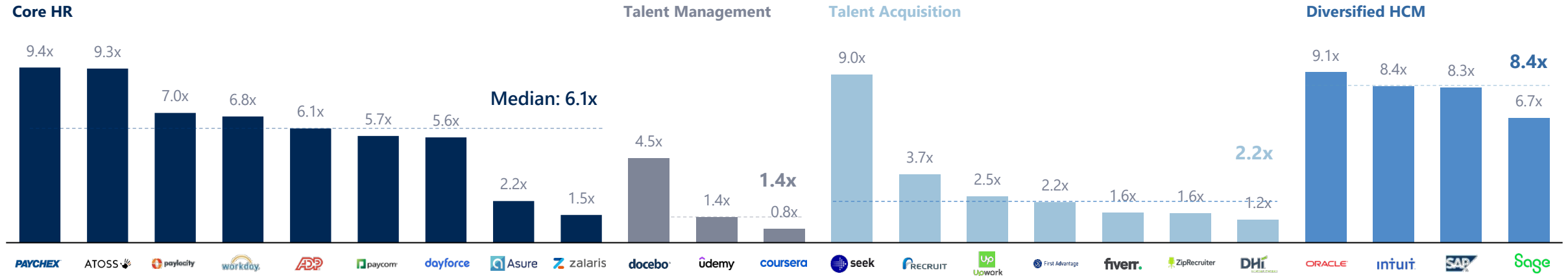
Meanwhile, EBITDA multiples have converged as more companies have focused on profitability.



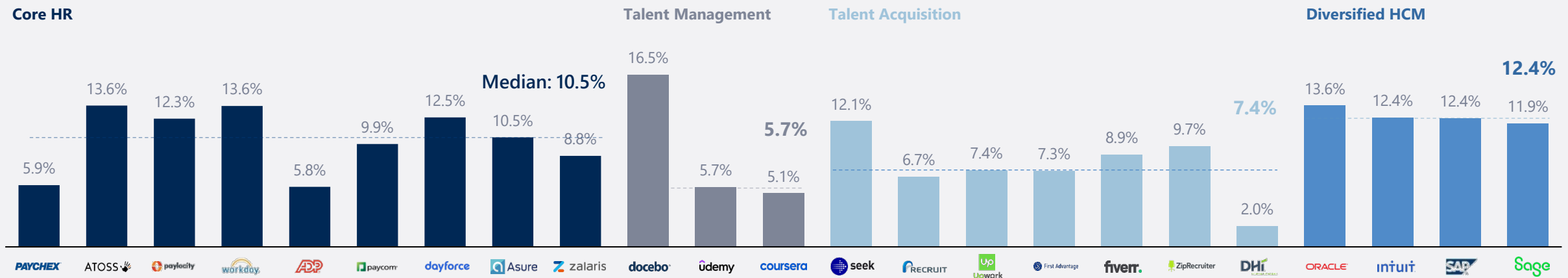
Source: S&P Capital IQ as of February 24, 2025.
Note: Figures reflect median figures.

Comparable Public Company Benchmarking

EV/2025E Revenue Multiple

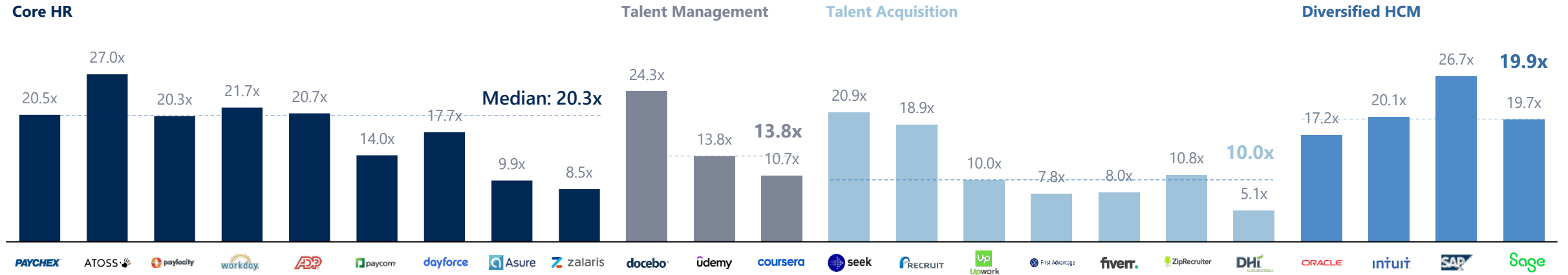


2025E–2026E Revenue Growth

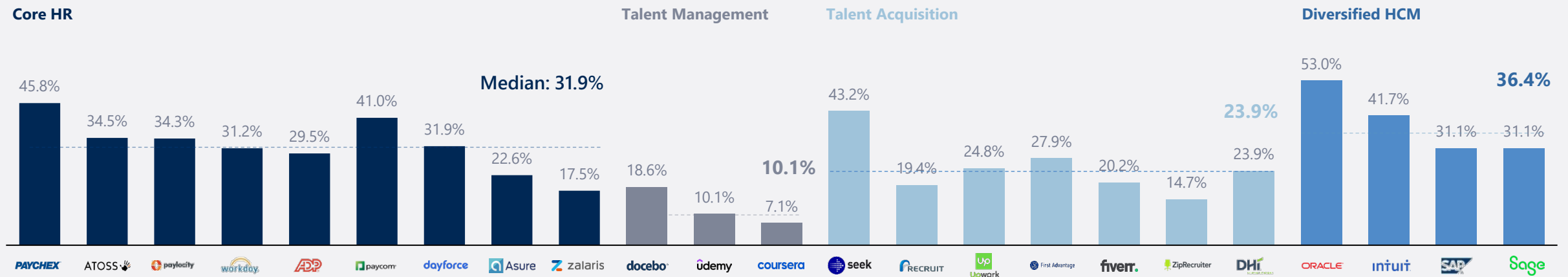


Comparable Public Company Benchmarking (cont.)

EV/2025E EBITDA Multiple



2025E EBITDA Margin





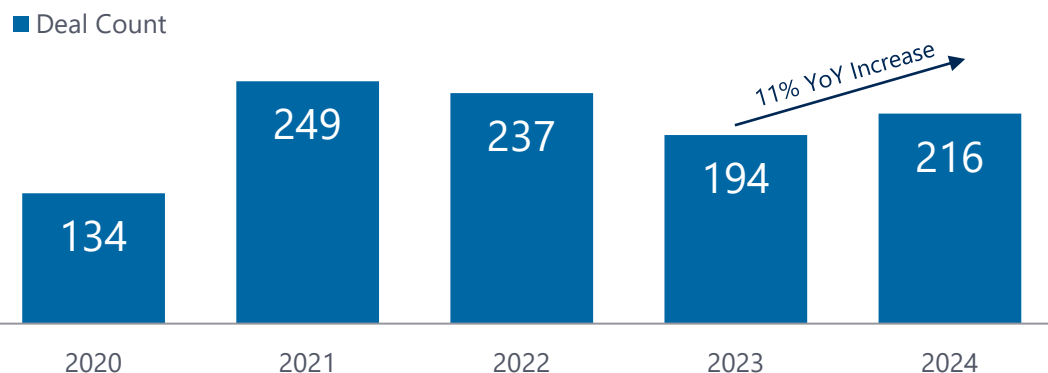
HCM Technology
Investment Trends

04

HCM M&A Deal Dashboard 2024

HCM M&A Activity

Total annual disclosed deal value surpassed \$19.3 billion in 2024⁽¹⁾



2024 M&A Trends

- Workforce Management**
 28% of deals⁽¹⁾ | Consistent level of M&A activity, peaking at 30% in 2020.
- Hiring Tools**
 14% of deals⁽¹⁾ | M&A activity in hiring tools has increased from 9% in 2021 to 14% in 2024.
- Payroll**
 12% of deals⁽¹⁾ | M&A activity in payroll has increased from 6% in 2022 to 12% in 2024.
- Compensation and Benefits**
 8% of deals⁽¹⁾ | M&A activity in comps and benefits has decreased from 12% in 2023 to 8% in 2024.

Source: PitchBook.
 (1) Reflects publicly disclosed capital investment amount in 2024.
 (2) As of February 21, 2025.

2024–2025 HCM M&A Notable Transactions⁽²⁾

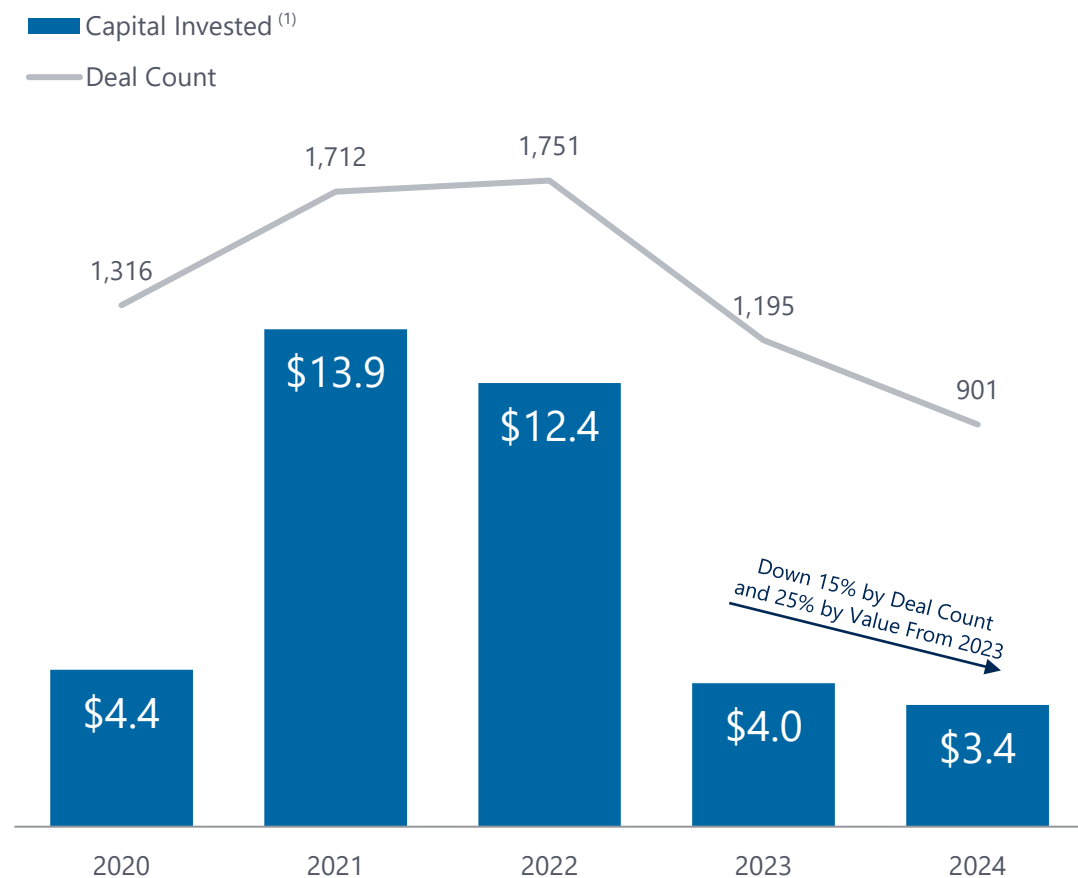
(\$ in M)

Date	Target	Buyer	Subsector	Enterprise Value
01/25	Paycor	PAYCHEX	Payroll	~\$4,133
12/24	assemble	deel.	Compensation and Benefits	NA
10/24	PageUp	IEQT	Applicant Tracking	NA
10/24	workforce SOFTWARE	ADP	Workforce Management	\$1,200
09/24	AbsenceSoft	LUMINATE	Workforce Management	\$500
09/24	airbase	paylocity	Expense Management	\$325
09/24	benify	zellis	Compensation and Benefits	\$350
05/24	lumapps	Bridgepoint	Employee Engagement	\$650
04/24	zellis	Apax	Payroll	~\$1,550
03/24	perkbox vivup	Great Hill PARTNERS	Compensation and Benefits	Confidential

HCM Technology Venture Capital and Growth Equity Deal Dashboard 2024

HCM Venture Capital and Growth Equity Activity

(\$ in B)



Source: PitchBook.

(1) Reflects publically disclosed capital investment amount.

HCM Venture Capital and Growth Selected Equity Transactions

(\$ in M)

Date	Company	Selected Investor(s)	Subsector	Amount of Equity Invested
11/24	odoo	CapitalG SEQUOIA	HRIS	\$537
10/24	fingercheck	edisonpartners	Payroll	\$115
09/24	Oyster	SILVERLAKE WATERMAN	PEOs and EOR/AORs	\$59
08/24	cloudpay	BLUE OWL	Payroll	\$120
07/24	SmartHR	TEACHERS' VENTURE GROWTH KKR	Talent Analytics and Optimization	\$140
06/24	Ashby	Lachy Groom	Recruitment Marketing	\$30
05/24	Restaurant365	ICONIQ Growth	Vertical HRIS	\$175
05/24	LEGION	RIVERWOOD CAPITAL	Workforce Management	\$50
04/24	RIPPLING	COATUE	HCM Suites	\$200
01/24	PerformYard	update PARTNERS	Performance and Succession	\$95

Most Active Selected Public HCM Consolidators



"We believe this will help strengthen PAYX's strategic positioning, leveraging Paycor's upmarket expertise to complement PAYX's existing SMB focus" – CFRA Equity Research



"We believe this acquisition positions the company to capitalize on evolving market demands for comprehensive, flexible HR solutions" – CFRA Equity Research



"We see some upside potential regarding Airbase as PCTY likely can harvest some cost synergies" – Jefferies



"WDAY also announced the acquisition of HiredScore during the quarter, which we expect to enhance its recruiting and internal mobility solutions with AI-based capabilities" – CFRA Equity Research





































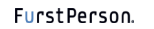











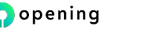



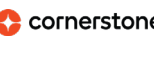











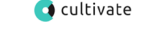


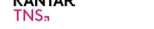
Company	# Investments ⁽¹⁾ (Since Jan. 1, 2019)	Selected HCM Targets					
Sage <small>(LSE:SGE)</small>	20	Corecon Technologies Workforce Management 2023	LOCKSTEP Finance Automation 2022	Brightpearl Retail ERP 2022	cake HR and Payroll 2019		
intuit. <small>(NASDAQ:INTU)</small>	20	tradegecko Inventory Management 2020	ChronoBooks Data Analytics 2019				
fiverr. <small>(NYSE:FVRR)</small>	16	stoke Freelance Management 2021	CREATIVE LIVE Video Learning 2021	WW Content Management 2021	ClearVoice Content Management 2019		
dayforce <small>(NYSE:CDAY)</small>	9	adam Learning Management 2021	Z Payroll 2021	Ascender Payroll 2021	ideal Recruitment AI 2021	EXCELITY HR and Payroll 2020	RITEIQ Workforce Scheduling 2019
workday. <small>(NASDAQ:WDAY)</small>	9	HiredScore Talent Management 2024	VNDLY Workforce Management 2021	Peakon Employee Engagement 2021			
ADP <small>(NASDAQ:ADP)</small>	8	workday Workforce Scheduling 2024	SORA HR Automation 2023	securtime Time Tracking 2023	BenefitMall Benefits Administration 2021		
paylocity <small>(NASDAQ:PCTY)</small>	6	airbase Spend Management 2024	Trace Workforce Management 2023	cloudsnap Workflow Integration 2022	bluemarble Payroll 2021	Samepage Online Collaboration 2020	VidGrid Video Learning 2020
PAYCHEX <small>(NASDAQ:PAYX)</small>	5	Paycor HCM Solutions 2025	flock Employee Onboarding 2021	emply Talent Management 2020			

Sources: PitchBook, 451 Research.

(1) Includes all company M&A investments.

Most Active PE-Backed HCM Consolidators

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

Company	# Investments ⁽¹⁾ (Since Jan. 1, 2017)	Selected HCM Targets							
 Bullhorn	15	 textkernel Talent Acquisition 2024	 m ployee Recruitment Mgmt. 2024	 SourceBreaker Recruitment Automation 2022	 able Onboarding Software 2022	 cube19 Recruitment Analysis 2021	 ((sirenum)) Workforce Management 2021	 herefish Recruitment Marketing 2020	
 deel.	14	 assemble Payroll 2024	 Hofy Workforce Management 2024	 payspace Recruitment Mgmt. 2024	 otta Recruitment Mgmt. 2023	 PayGroup Payroll 2022	← COATUE		
 UKG	12	 immedis Payroll 2023	 QUORBIT Workforce Planning 2022	 Ascentis HR Solutions 2022	 interboro Benefits Management 2022	 SpotCues Employee Engagement 2022	 Great Place to Work Employee Engagement 2021	 H&F Benefits Administration 2021	
 employ ⁽²⁾	8	 LEVER Talent Acquisition 2022	 NXTThing Recruitment Mgmt. 2021	 JazzHR Recruitment Mgmt. 2021	 talentegy Recruitment Mgmt. 2020	 PREDICTIVE PARTNER Workforce Analytics 2020	 canvas Recruitment Mgmt. 2019	 Talemetry Talent Sourcing 2019	
 harver ⁽³⁾	7	 harver Pre-Hire Assessments 2021	 Checkster Recruitment Mgmt. 2020	 FurstPerson Pre-Hire Assessments 2020	 LAUNCHPAD Video Interviewing 2020	 DELINE HCM Solutions 2019	 wepow Video Interviewing 2018	 POMELLO Employee Engagement 2017	 RUBICON 
 icims	7	 SKILLSURVEY Pre-Hire References 2022	 CandidateID Talent Acquisition 2022	 altru Talent Acquisition 2020	 EASYRECRUE Recruitment Interviews 2020	 opening Resume Matching 2020	 jibe Recruitment Marketing 2019	 TextRecruit Recruitment Mgmt. 2018	
 cornerstone	7	 TALESPIN Video Learning 2024	 SkyHive Video Learning 2024	 TALESPIN Recruitment Mgmt. 2022	 sumtotal Recruitment Mgmt. 2022	 edcast Recruitment Mgmt. 2022	 saba Recruitment Mgmt. 2020	 clustree Recruitment Mgmt. 2020	 CLEARLAKE 
 Perceptyx	5	 humu Employee Feedback 2023	 cultivate Leadership Coaching 2022	 CultureIQ Employee Engagement 2021	 waggl Employee Engagement 2021	 KANTAR TNS Employee Feedback 2020	← TCVC		

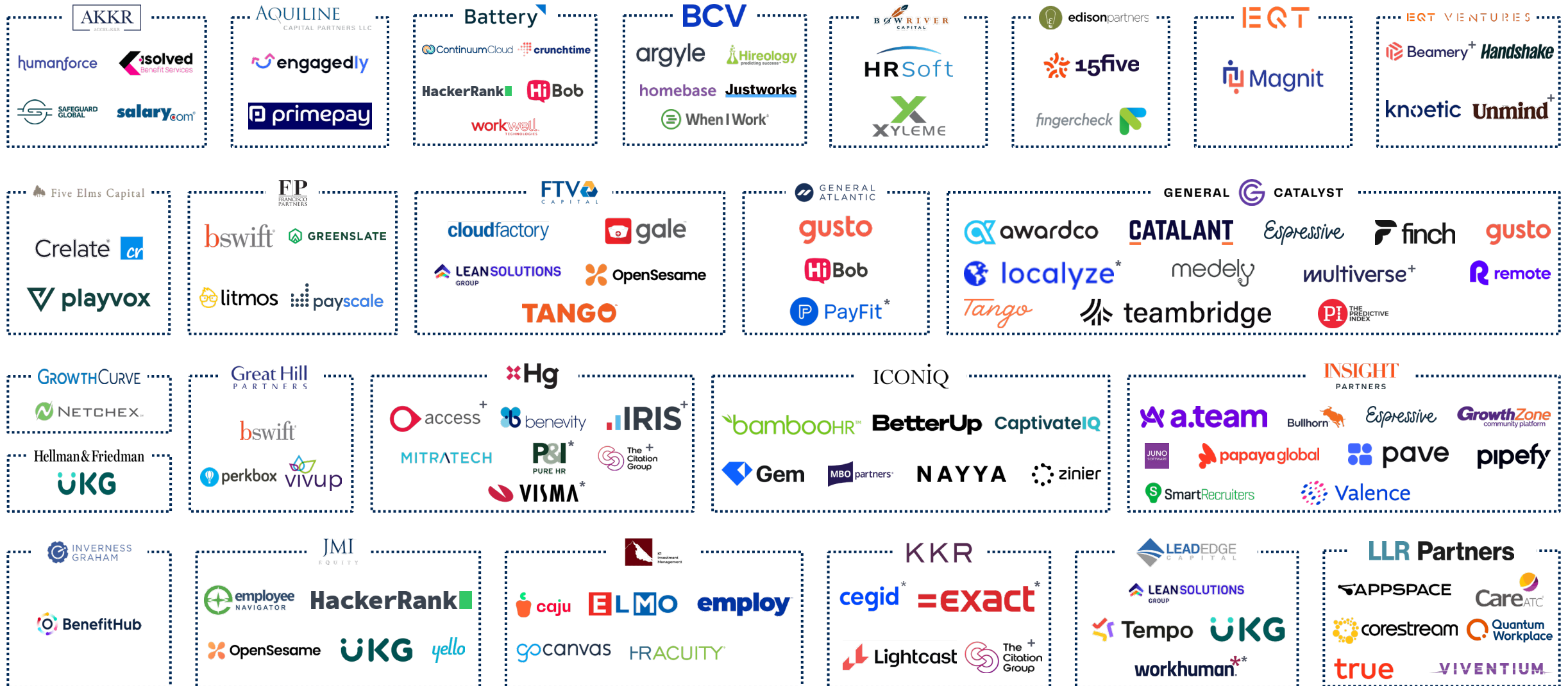
Sources: PitchBook, 451 Research.

(1) Includes all company M&A investments.

(2) Rebranded in November 2021.

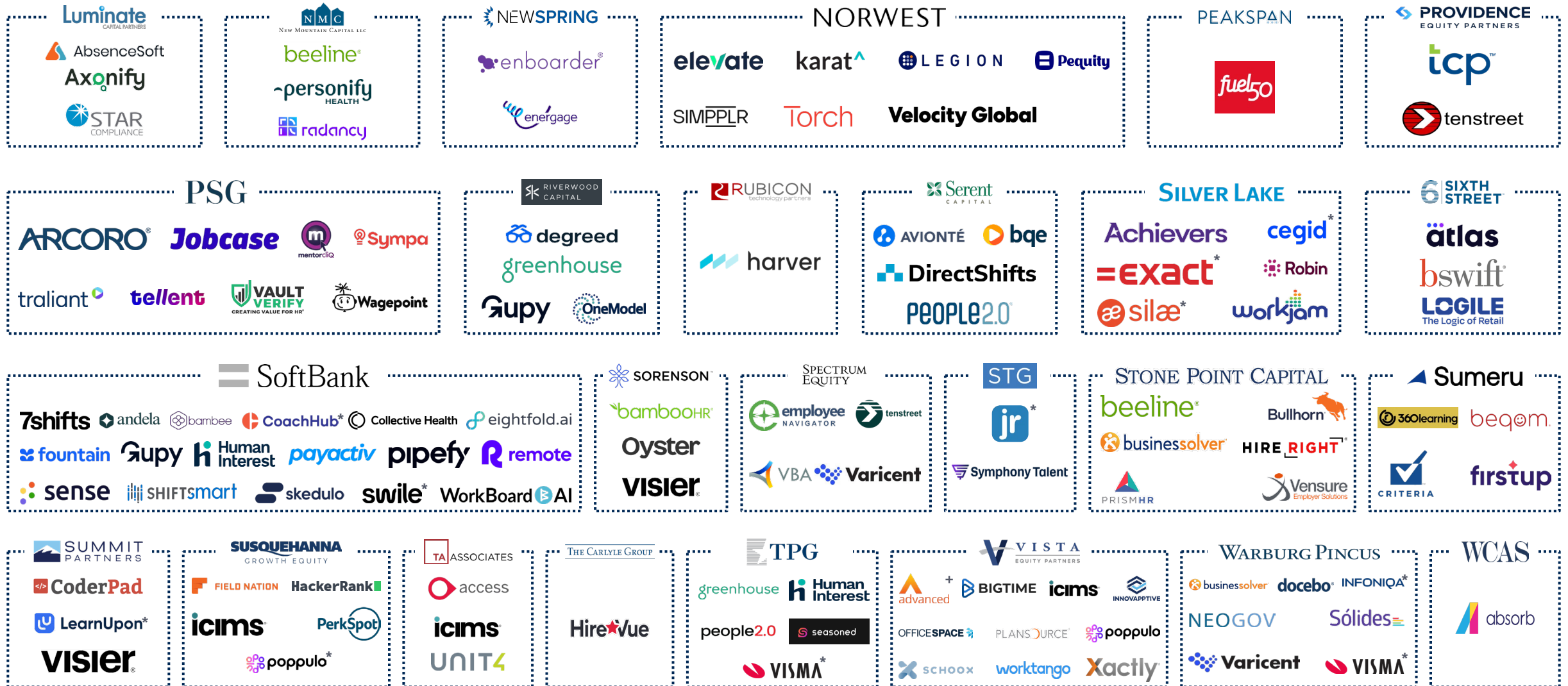
(3) Rebranded from Outmatch which Rubicon acquired in March 2022

HCM Software Sponsor Landscape



+ U.K. Companies
* EU Companies

HCM Software Sponsor Landscape (cont.)



+ U.K. Companies
* EU Companies



Appendix

05

Highlighted M&A Transactions

Announced Date	Acquirer	Target	Description	EV (\$M)	LTM Rev (\$M)	EV/LTM Rev
01/25	 employmenthero	 HUMI	Canadian developer of cloud-based software designed to automate human resources processes focusing on payroll.	~\$70		
01/25	 PAYCHEX	 Paycor	Paycor HCM is a leading HCM solutions provider for small and medium-sized businesses (SMBs).	~\$4,133		
12/24	 fiserv.	 PAYFARE	FinTech company offering digital banking, instant payment, and loyalty/reward solutions to next-generation workers.	~\$89		
12/24	 deel.	 assemble	Developer of a compensation and pay transparency management platform designed to offer a fair and equitable future for everyone.	NA		
10/24	 IEQT	 PageUp	Talent management platform that enables organizations to manage recruitment, onboarding, learning, performance, succession, and analytics.	NA		
10/24	 ADP Always Designing for People	 workforce SOFTWARE	Cloud-based workforce management solution, including forecasting and scheduling, time and attendance, and crew management.	~\$1,200		
10/24	 BRIGHTON PARK CAPITAL	 Red Rover	Developer of a human capital management platform designed to offer absence management and time-tracking services to K-12 school districts.	~\$220		
09/24	 LUMINATE	 AbsenceSoft	Developer of leave management software designed to ensure compliance with federal, state, and municipal laws and regulations.	~\$500		
09/24	 workday	 Evisort	Leading AI-native document intelligence platform.	NA		
09/24	 paylocity	 airbase by paylocity	Provider of an innovative all-in-one spend management platform that delivers more control, visibility, and automation to today's finance teams.	~\$325		

For additional deal data, please contact:
Ted.Sullivan@HL.com

Highlighted M&A Transactions (cont.)

Announced Date	Acquirer	Target	Description	EV (\$M)	LTM Rev (\$M)	EV/LTM Rev
09/24			Developer of web-based total compensation management software designed to help employers worldwide attract, engage, and retain the right skills.	~\$350		
06/24			Canada-based technology company specializing in the development of SaaS-based solutions for global engagement, sales incentive, loyalty, and reward management.	~\$350		
05/24			Provider of an intranet solution that combines all content in an enterprise and is integrated with Google's G Suite.	~\$650		
05/24			A web-based timekeeping solution that provides plug-and-play time clocks.	~\$190		
04/24			Developer of an online employee scheduling software intended for businesses and organizations.	NA		
 04/24			Provider of field service management, field sales management, and transport management and logistics solutions.	Houlihan Lokey to discuss		
04/24			Provider of payroll and HR software solutions in the U.K. and Ireland.	~\$1,550		
03/24			Provides global payroll, HR administration, and outsourced services.	~\$1,200		
03/24			Developer of a workplace analytics platform designed to transform complex data into space utilization insights.	NA		
03/24			Developer of software intended to deliver payroll and human capital management solutions.	~\$100		

For additional deal data, please contact:

Ted.Sullivan@HL.com

Highlighted M&A Transactions (cont.)

Announced Date	Acquirer	Target	Description	EV (\$M)	LTM Rev (\$M)	EV/LTM Rev
03/24			Developer of an HR platform intended to deliver a unique approach to the employment lifecycle from pre-hire to post-retire.	NA		
 03/24			Developer of a health and well-being benefits platform designed for employees in both the public and private sectors.	Houlihan Lokey to discuss		
02/24			Provides employee recruitment and screening management software for businesses in a range of sectors.	~\$2,168		
02/24			Provider of a big data tool that does not cause disruption and minimal work for the IT sector, HRIS, and recruiters.	NA		
02/24			Developer of the skills-based career platform intended to offer self-assessment tools to access training programs, including scholarship funding.	NA		
02/24			Payroll software solutions provider.	~\$40		
01/24			Operator of a clinic management platform intended to provide customized programs for workforce screening.	NA		
01/24	Porter Capital	TalentEx	Developer of an online recruiting platform intended for recruitment in Southeast Asia.	NA		
01/24			Offers HR management, health insurance and benefits, HR consulting, payroll administration, HR technology, and recruiting.	~\$730		
01/24			Provider of a cloud-based corporate learning and performance management platform, enabling HR and business units to make everyday tasks operational.	~\$173		

For additional deal data, please contact:

Ted.Sullivan@HL.com

Highlighted Financings

Announced Date	Investor	Target	Description	Investment (\$M)	Post/Money Valuation (\$M)
11/24			Developer of business management software designed to provide a complete suite of tools to cover various company needs.	~\$537	~\$5,437
10/24			Developer of a cloud-based human resources and payroll management platform.	~\$115	NA
09/24			Developer of a distributed talent enablement platform designed to make it possible for companies everywhere to hire people anywhere.	~\$59	~\$1,200
09/24			Developer of a workforce management platform designed for collaborative schedule creation and organized teams.	~\$28	~\$164
08/24			Operator of a cloud-based payroll platform intended to deliver end-to-end payroll management services to multinational organizations.	~\$120	NA
07/24			Developer of a cloud human resources software designed to help automate social insurance and employment insurance procedures.	~\$140	NA
06/24	Lachy Groom		Developer of recruitment software designed for high-value companies to achieve growth targets.	~\$30	~\$200
05/24	Undisclosed		Developer of a staffing platform designed to connect providers and healthcare professionals.	~\$47	NA
05/24			Developer of a restaurant enterprise management software designed specifically for restaurants.	~\$175	NA
05/24			Developer of a business platform designed to amplify labor efficiency and boost employee engagement.	~\$50	~\$330

Highlighted Financings (cont.)

Announced Date	Investor	Target	Description	Investment (\$M)	Post/Money Valuation (\$M)
04/24	 COATUE	 RIPPLING	Developer of a workforce management platform designed to eliminate the administrative work of running a company.	~\$200	~\$13,110
03/24	 SUSQUEHANNA	 Borderless / AI	Developer of a global human resources platform designed to onboard, manage, and pay international team members on one platform.	~\$27	NA
03/24	 elev8	 IDfy	Developer of a fraud detection platform designed to make compliance procedures easier.	~\$27	NA
02/24	 octopus ventures	 remofirst	Operator of a global human resource management platform designed to help in international hiring.	~\$25	NA
02/24	 bond CAPITAL	 Seso	Operator of an end-to-end recruiting and workforce management platform intended for the agriculture industry.	~\$26	NA
02/24	 alphædison	 Upwards	Operator of a childcare platform intended to provide access to affordable care for all families.	~\$21	NA
02/24	 updata PARTNERS	 PerformYard	Developer of performance management software designed to focus on quality feedback and effective performance discussions.	~\$95	NA
01/24	 CLOCKTOWER TECHNOLOGY VENTURES 	 benepass	Developer of a benefits card software designed to improve access to benefits, maximize flexibility, and increase ease of use.	~\$20	~\$89

Selected Comparable Public Companies (\$ Millions)

Company	Stock Price 02/21/2025	Enterprise Value (EV)	Trading Metrics				Revenue Growth		Operating Metrics		Rule of 40 ⁽¹⁾	
			EV/Revenue		EV/EBITDA		CY25E	CY26E	EBITDA Margin		CY25E	CY26E
			CY25E	CY26E	CY25E	CY26E	CY25E	CY26E	CY25E	CY26E	CY25E	CY26E
Core HR												
ADP	\$310.8	\$128,600.2	6.1x	5.8x	20.7x	19.7x	6.0%	5.8%	29.5%	29.3%	35.5%	35.1%
Workday	\$256.4	\$64,405.7	6.8x	6.0x	21.7x	17.7x	13.1%	13.6%	31.2%	33.6%	44.3%	47.1%
Paychex	\$148.5	\$53,095.7	9.4x	8.9x	20.5x	19.6x	5.5%	5.9%	45.8%	45.2%	51.2%	51.1%
Dayforce	\$64.7	\$10,932.6	5.6x	5.0x	17.7x	15.0x	10.7%	12.5%	31.9%	33.4%	42.6%	45.9%
Paycom	\$213.1	\$11,609.8	5.7x	5.2x	14.0x	12.6x	8.4%	9.9%	41.0%	41.4%	49.4%	51.3%
Paylocity	\$204.8	\$11,346.6	7.0x	6.2x	20.3x	17.6x	9.6%	12.3%	34.3%	35.2%	43.9%	47.5%
ATOSS	\$122.9	\$1,876.7	9.3x	8.2x	27.0x	23.4x	12.9%	13.6%	34.5%	35.2%	47.4%	48.7%
Asure	\$11.3	\$300.4	2.2x	2.0x	9.9x	9.1x	12.4%	10.5%	22.6%	22.1%	34.9%	32.6%
Zalaris	\$7.6	\$195.0	1.5x	1.4x	8.5x	7.8x	11.1%	8.8%	17.5%	17.5%	28.6%	26.3%
Mean			6.0x	5.4x	17.8x	15.8x	10.0%	10.3%	32.0%	32.5%	42.0%	42.9%
Median			6.1x	5.8x	20.3x	17.6x	10.7%	10.5%	31.9%	33.6%	43.9%	47.1%
Talent Management												
Udemy, Inc.	\$9.8	\$1,101.3	1.4x	1.3x	13.8x	9.2x	1.9%	5.7%	10.1%	14.3%	11.9%	20.0%
Docebo	\$39.4	\$1,115.3	4.5x	3.9x	24.3x	18.4x	14.1%	16.5%	18.6%	21.1%	32.7%	37.6%
Coursera, Inc.	\$8.0	\$548.9	0.8x	0.7x	10.7x	7.9x	4.3%	5.1%	7.1%	9.2%	11.4%	14.4%
Mean			2.2x	2.0x	16.2x	11.8x	6.7%	9.1%	11.9%	14.9%	18.7%	24.0%
Median			1.4x	1.3x	13.8x	9.2x	4.3%	5.7%	10.1%	14.3%	11.9%	20.0%
Talent Acquisition												
Recruit	\$64.7	\$91,238.8	3.7x	3.4x	18.9x	17.0x	10.4%	6.7%	19.4%	20.2%	29.8%	26.9%
SEEK	\$16.2	\$6,553.6	9.0x	8.0x	20.9x	18.0x	14.4%	12.1%	43.2%	44.7%	57.6%	56.8%
First Advantage	\$18.2	\$3,413.5	2.2x	2.0x	7.8x	6.9x	80.6%	7.3%	27.9%	29.3%	108.5%	36.6%
Upwork	\$15.6	\$1,864.3	2.5x	2.3x	10.0x	8.5x	NA	7.4%	24.8%	27.0%	24.8%	34.4%
ZipRecruiter	\$7.0	\$736.2	1.6x	1.4x	10.8x	9.1x	NA	9.7%	14.7%	15.8%	14.7%	25.5%
Fiverr	\$25.7	\$696.8	1.6x	1.5x	8.0x	6.8x	10.9%	8.9%	20.2%	21.8%	31.1%	30.7%
DHI Group	\$2.6	\$160.1	1.2x	1.2x	5.1x	4.9x	NA	2.0%	23.9%	24.3%	23.9%	26.2%
Mean			3.1x	2.8x	11.6x	10.2x	29.1%	7.7%	24.9%	26.2%	41.5%	33.9%
Median			2.2x	2.0x	10.0x	8.5x	12.6%	7.4%	23.9%	24.3%	29.8%	30.7%
Diversified HCM												
Oracle Corp.	\$167.8	\$558,080.2	9.1x	8.0x	17.2x	15.3x	11.1%	13.6%	53.0%	52.4%	64.1%	66.0%
SAP	\$565.5	\$333,269.5	8.3x	7.4x	26.7x	23.0x	14.0%	12.4%	31.1%	32.2%	45.2%	44.5%
Intuit	\$16.4	\$161,707.5	8.4x	7.5x	20.1x	18.1x	13.0%	12.4%	41.7%	41.3%	54.8%	53.7%
The Sage Group	\$286.0	\$17,071.4	6.7x	6.0x	19.7x	17.7x	9.2%	11.9%	34.0%	33.8%	43.2%	45.7%
Mean			8.1x	7.2x	21.0x	18.5x	11.9%	12.6%	39.9%	39.9%	51.8%	52.5%
Median			8.4x	7.4x	19.9x	17.9x	12.1%	12.4%	37.9%	37.5%	50.0%	49.7%
Global Mean			5.0x	4.5x	16.3x	14.1x	13.7%	9.8%	28.6%	29.6%	40.5%	39.3%
Global Median			5.6x	5.0x	17.7x	15.3x	11.0%	9.9%	29.5%	29.3%	42.6%	37.6%

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 February 24, 2025.

Notes: "NM" is defined as multiple >50x or <0x.

(1) Rule of 40 is defined as NTM Revenue growth + FCF margin.

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