

Houlihan
Lokey

2025 HCM Technology
Year in Review

March 2026



Global Team Built to Advise HCM Tech Businesses

HCM Tech Sector Team



Sascha Pfeiffer
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



Ben Levett-Dunn
Associate



Matt Hopton
Financial Analyst



Jean-Christophe Kayumba
Financial Analyst



Kelly Hooper
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

Sellside Advisor

Talent Acquisition and Management

Buyside & Financing Advisor

Employee Engagement

Buyside Advisor

Field Service Management

Buyside Advisor

Field Service Management

Buyside Advisor

Core HR and Payroll

Buyside Advisor

Workforce Management

Buyside Advisor

Expense Automation

Sellside Advisor

HRIS and Payroll

Buyside Advisor

Recruitment Marketing

Financing Advisor

Employee Benefits

Financial Advisor*

Global Payroll

Sellside Advisor

Compensation Management

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



\$11.79B
Market Cap⁽¹⁾

HQ
Los Angeles

33
Locations
Worldwide

~2,000
Financial
Professionals

175+
Tech Team
Members

35
Subsectors
Covered

458
Global Transactions
Completed in 2025⁽²⁾

No. 1

Global Tech M&A Advisor

Unparalleled Access

Financial Sponsors



Strategics



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.

No. 1 Most Active Advisor to Private Equity—Globally

2025 Global Private Equity Financial Advisors Rankings

Advisor	Deals
1 Houlihan Lokey	286
2 Rothschild & Co	232
3 Jefferies	196
4 Goldman Sachs & Co	164
5 JP Morgan Chase & Co	162

Source: The Deal.

31
Global Coverage
Senior Officers

1,900+
Sponsors
Covered Globally

600+
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



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

Leading HCM Technology Software Practice

50+ Deals Across the HCM Technology Landscape Since 2016

- Talent Acquisition
- Core HR
- Talent Management

 Applioi Viventium LLR <small>Applioi has been acquired by Viventium, a portfolio company of LLR Partners</small> <small>Sellside Advisor</small>	 CASTIK CAPITAL Interact <small>Funds advised by Castik Capital have acquired Interact Software</small> <small>Buy-side & Financing Advisor</small>	<small>Transaction Pending</small> Five Arrows <small>Swissmoto</small> Deutsche Beteiligung AG <small>Isomobile</small> <small>Five Arrows and DBAG have agreed to invest in Totalmobile</small> <small>Buy-side Advisor</small>	 VISTA joblogic <small>Vista Equity Partners has made a strategic investment in Joblogic</small> <small>Buy-side Advisor</small>	 Hg PERMIRA PBI <small>Hg Capital has acquired Permira's stake in PBI AG</small> <small>Buy-side Advisor</small>	 EURAZEC mapal PSG <small>Eurazec Global Investors SAS has made a majority investment in MAPAL Group, a portfolio company of PSG</small> <small>Buy-side Advisor</small>	 cegid sevdesk <small>Cegid has acquired sevDesk</small> <small>Buy-side Advisor</small>	 IRIS LGP Hg iCG Dext <small>IRIS, a portfolio company of Leonard Green & Partners, Hg and Intermediate Capital Group, has acquired Dext Software, a portfolio company of Hg</small> <small>Buy-side Advisor</small>	 jinjer potentia J-STAR <small>Jinjer has been acquired by Potentia Capital and J-STAR</small> <small>Sellside Advisor</small>	 RetailNext Battery <small>RetailNext majority recapitalization by Battery</small> <small>Sellside Advisor</small>
Talent Acq. and Management	Employee Engagement	Field Service Management	Field Service Management	Core HR and Payroll	Workforce Management	Expense Automation	Expense Automation	HRIS and Payroll	Retail Analytics
 redactor catho OCC seek <small>Redactor has acquired Catho and OCC from SEEK</small> <small>Buy-side Advisor</small>	 Great Hill PARTNERS vivup perkbox <small>Great Hill Partners has successfully secured a debt facility package to fund its acquisition of Vivup and Perkbox</small> <small>Financing Advisor</small>	 totara Five V / Capital TENZING <small>Totara, a portfolio company of Five V Capital, has been acquired by Tenzing Private Equity LLP</small> <small>Sellside Advisor</small>	 ZVOOV LEA PARTNERS <small>Zovoo Group, a portfolio company of LEA Partners, has completed a refinancing</small> <small>Financing Advisor</small>	 ECM ONE HIRING <small>ECM Equity Capital Management GmbH has acquired ONE HIRING GmbH</small> <small>Financing Advisor</small>	 MAGUAR <small>Continuation Fund I</small> HRWORKS <small>Maguar Capital Management Continuation Fund I has acquired HRWorks GmbH</small> <small>Financing Advisor</small>	 Veris Paycor <small>Veris, Inc. has been acquired by Paycor, Inc.</small> <small>Sellside Advisor</small>	 Talos360 LDC <small>Talos360 has received a minority investment from LDC Limited</small> <small>Sellside Advisor</small>	 Netigate GRO CAPITAL A/S <small>Netigate AS has been acquired by Gro Capital A/S</small> <small>Sellside Advisor</small>	 MAGUAR Effortory <small>Maguar Capital Management has acquired Effortory</small> <small>Financing Advisor</small>
Hiring Tools and Marketplaces	Employee Benefits	Learning and Compliance	HR, Payroll, and More	Recruitment Marketing	Workforce Management	Hiring Tools and Marketplaces	Learning and Compliance	Employee Experience	Performance and Succession
 SingleOps FTV CAPITAL <small>SingleOps, LLC, has received growth financing from FTV Management Company, LP</small> <small>Financial Advisor</small>	 beqom Sumeru <small>beqom SA has been acquired by Sumeru Equity Partners Fund IV LP</small> <small>Sellside Advisor</small>	 cicplus experian <small>CIC Plus, LLC has been acquired by Experian Holdings, Inc.</small> <small>Sellside Advisor</small>	 NEOGOV <small>Neogov has completed a recapitalization</small> <small>Financial Opinion</small>	 TEAM Software WORKWAVE <small>TEAM Software has been acquired by WorkWave</small> <small>Sellside Advisor*</small>	 cloudpay MOLAN <small>CloudPay growth financing led by The Olayan Group \$58,000,000</small> <small>Financial Advisor*</small>	 BROOKSON Riverside PEOPLE20 <small>Brookson Group Ltd., a portfolio company of Riverside, has been acquired by People20</small> <small>Sellside Advisor</small>	 paylocity bluemarble <small>Paylocity Holding Corporation has acquired Blue Marble Payroll, LLC</small> <small>Fairness Opinion</small>	 socialchorus Dynamic Signal <small>SocialChorus has merged with Dynamic Signal</small> <small>Financial Advisor*</small>	 ATTENSI DX VENTURES LUXOR CAPITAL <small>Attensi has received investment from DX Ventures, Viking Venture, and Luxor Capital</small> <small>Financial Advisor*</small>
Workforce Management	Compensation Management	HR and Tax Compliance	Vertical HCM	Workforce Management	Payroll	Compliance	Payroll	Workforce Communications	Corporate Learning
 INFONIGA WARBURG PINCUS sage Switzerland <small>Infoniga, a portfolio company of Warburg Pincus, has acquired Sage Switzerland</small> <small>Buy-side Advisor*</small>	 MILCHHANDUCKER ARCUS <small>Milchhanducker has sold a minority stake to Arcus</small> <small>Sellside Advisor*</small>	 CIPHR LDC eci <small>CIPHR, a portfolio company of LDC, received a majority investment from ECI</small> <small>Sellside Advisor*</small>	 COYO MARLIN EQUITY PARTNERS <small>COYO has received an investment from Marlin Equity Partners</small> <small>Sellside Advisor*</small>	 LANDWEHF SOFTWARE LEA BackOffice <small>Landwehr Software, a portfolio company of LEA Partners, merged with BackOffice</small> <small>Other Advisor*</small>	 interactive LRN <small>LRN acquiring Managed Performance</small> LEEDS Equity Partners <small>Interactive Services has been acquired by LRN Corporation, a partner company of Leeds Equity Partners</small> <small>Sellside Advisor*</small>	 skillsoft <small>Skillsoft Corporation has confirmed a "pre-packaged" Chapter 11 Plan of Reorganization, restructuring \$2.1 billion of debt and raising \$110 million of new money investment</small> <small>Company Advisor</small>	 Masterplan.com NRW BANK Gf RAGSTIFTUNG <small>Masterplan.com has received an investment through convertible loan from NRW Bank, Grunderfonds Rube and RAG Stiftung</small> <small>Other Advisor*</small>	 TRACKER MITRSTECH Hg TA ASSOCIATES <small>Tracker has been acquired by Mitrstech, a portfolio company of Hg Capital & TA Associates</small> <small>Sellside Advisor</small>	 HELLMAN & FRIEDMAN Blackstone Ultimate KRONOS <small>Funds managed by Hellman & Friedman and Blackstone have combined Ultimate Software and Kronos</small> <small>Fairness Opinion</small>
HR and Payroll	Talent Mgmt. and Recruitment	HRIS	Internal Communications	Temporary Staffing	Compliance E-Learning	Learning Management	Corporate E-Learning	HR Compliance	HRIS
 mitretech Advancec <small>Mitretech has been acquired by Advancec</small> <small>Sellside Advisor*</small>	 skillsoft CHURCHILL CAPITAL II <small>Skillsoft Corporation has merged with Churchill Capital II</small> <small>Sellside Advisor</small>	 ReachMee verdane <small>ReachMee has been acquired by Verdane</small> <small>Sellside Advisor*</small>	 unity SILVERSMITH FARVIEW <small>Unity has received a USD 68m growth investment from SilverSmith Capital Partners and Farview Equity Partners</small> <small>Financial Advisor*</small>	 KALLIDUS APEX CAPITAL <small>Kallidus Limited has been acquired by Apex Capital</small> <small>Sellside Advisor</small>	 (softgarden) INVESTCORP <small>Softgarden has been acquired by Investcorp</small> <small>Sellside Advisor*</small>	 alchemy Riverside intertek <small>Alchemy, a portfolio company of Riverside, has been acquired by Intertek</small> <small>Sellside Advisor</small>	 FieldEdge Advent International <small>FieldEdge has been acquired by Advent International</small> <small>Sellside Advisor*</small>	 workmarket ADP <small>WorkMarket has been acquired by ADP</small> <small>Sellside Advisor*</small>	 PAN psi <small>PAN has been acquired by PSI</small> <small>Sellside Advisor</small>
Payroll	Learning Management	Recruitment	Workplace Solutions	Learning Management	Recruitment	Learning Management	Workforce Management	Workforce Management	Workforce Management

Tombstones included herein represent transactions closed from 2017 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 Technology

Houlihan Lokey has proven global expertise in HCM technology software.

Thought Leadership

Regular Market Updates

- Multiple market updates and thought leadership presentations highlight the unique subsectors within HCM technology.



CEO Visibility

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



Events

ONE Houlihan Lokey New York (May)

- The May 2025 conference showcased Houlihan Lokey's Technology Group alongside prominent HCM companies.



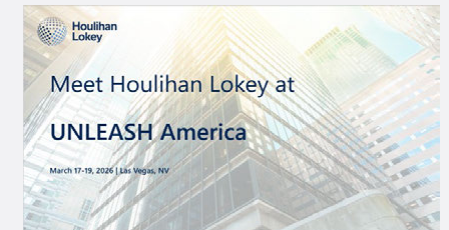
ONE Houlihan Lokey London (November)

- The November 2025 event highlighted Houlihan Lokey's Technology Group with participation from leading HCM players.



2026 Industry Conferences

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



Technology | Thursday, May 14

You're Invited as a Participating Company!

Participating Company Benefits

- **VIP networking reception** the night of Wednesday, May 13.
- **In-person panel participation**, giving you the ability to showcase the expertise of your team and your company to a truly international audience.
- **Highly curated 1x1 meetings** tailored to the needs of your business, to be held with industry leaders and capital providers on Thursday, May 14.
- **Access to high-profile investors** in the technology space from across the globe.
- **Tailored follow-up and analysis** with meeting attendees after the conference.

The Commitment From You

- **Available to attend the conference events** the evening of Wednesday, May 13, and all day on Thursday, May 14.
- **Provide bio, headshot, and company logo and description** for promotional materials.
- **Participate in a one-hour-long panel**, with associated preparation calls.
- **Work with the Houlihan Lokey team** to prepare meeting materials.

Highlights From Technology at ONE Houlihan Lokey New York 2025

Previous Participating Companies



57

Participating Companies

14

Panels

8-10

1x1 Meetings per Company

Featured Sectors

- AdTech
- Business Management Software
- Cloud Software and Services
- Communications Software
- Cybersecurity
- Digital Media, Entertainment, and Sports
- Education Technology and Services
- EHSS
- Governance, Risk, and Compliance
- GovTech
- Healthcare and Pharma
- Human Capital Management
- Industrial Software
- Infrastructure Software
- Legal and Intellectual Property
- MarTech
- MediaTech
- Office of the CFO
- PropTech
- Retail
- Supply Chain and Logistics
- Tech Services
- Transportation
- Travel and Hospitality



Sascha Pfeiffer
Global Head of Technology

Thoughts From the Tech Group Head

“

This event is a true melting pot, with tech companies from around the globe and Houlihan Lokey colleagues from our entire global network—including the U.S., Europe, India, and Japan. These companies are here to connect with U.S. funds, while U.S. investors are eager to explore the tech scene in New York, all showcased by Houlihan Lokey.



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Macro Market Update

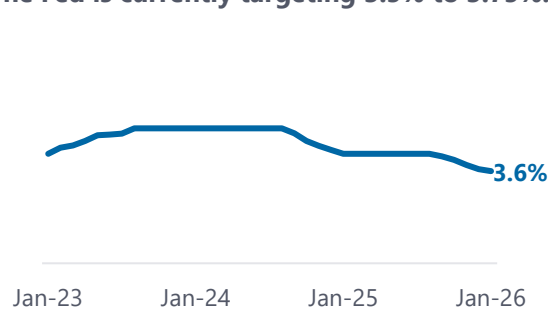
01

U.S. Macro Backdrop for HCM Technology

Federal Funds Rate

The federal funds rate has stabilized at ~3.6% after rapid increases in 2022 and 2023 to fight inflation, and 3x 25 bps cuts over 2025.

The Fed is currently targeting 3.5% to 3.75%.



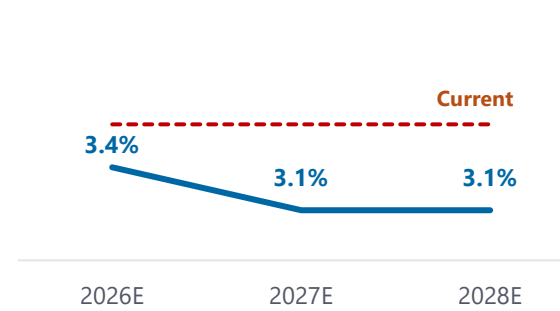
Inflation (CPI)

Inflation remains slightly elevated versus the pre-COVID-19 period and above the Fed's 2% target but has moderated from COVID-19-era highs.



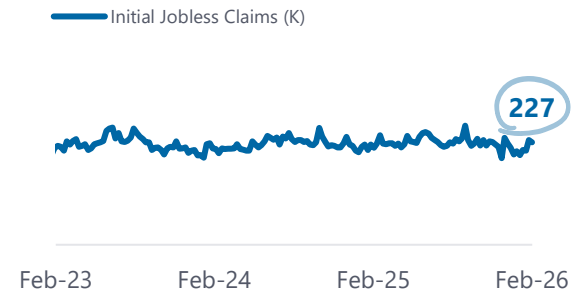
Projected Fed Funds Rate

The median federal funds rate projection (Fed "dot plot") for YE 2026 is 3.4%, a single 25 bps cut. The market is pricing two 25 bps cuts, based on concerns of labor market softness.



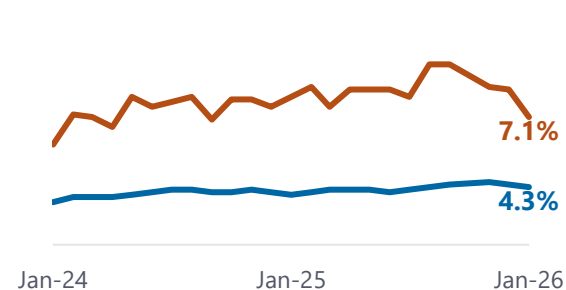
Initial Jobless Claims

Jobless claims have declined to below long-term averages, as companies seem to be retaining workers—though UPS, Amazon, and Dow have since announced large cuts.



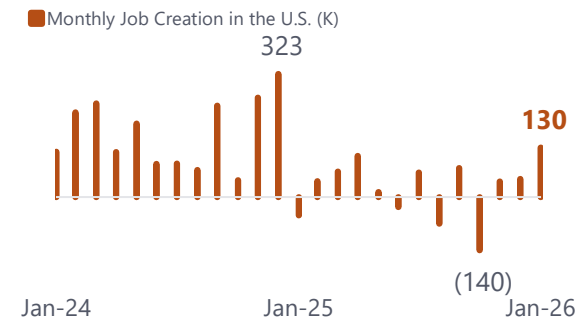
Unemployment Rate

Unemployment has crept up 60 bps since January '24 but remains near all-time lows. The rate for people <25 years old 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.



Key Takeaways

- The U.S. Fed's interest rate hikes have largely quelled COVID-19-related inflation surge—though it remains elevated.
- Focus is now shifting to job market strength as an indicator of future Fed rate cuts—and the data shows cross-currents in the economy.
- Unemployment and jobless claims remain low, while new job creation has slowed—potentially a response to uncertainty on tariffs and AI.
- In a low-hire/low-fire environment, HCM platforms remain critical for operational efficiency.
- By automating and streamlining HR workflows, they enable HR teams to respond quickly to a volatile environment by identifying skills gaps, ramping targeted hiring quickly, supporting workforce reskilling, and generally enabling better workforce allocation through robust data analytics and forecasting tools.

“SaaS-Acre” of Early 2026 Driven by a Confluence of Factors...

1

AI Threat to Software “Moats”

- Startups built with AI are perceived as 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.
- AI concerns have caused declines in ServiceNow (-11%) and SAP (-15%) shares after earnings.

2

AI Capital Spending Siphons Investment

- Massive capital is flowing into AI infrastructure—not SaaS growth—and that macro flows are influencing valuations.
- Tech giants have committed more than \$660 billion to AI and cloud spending in 2026,⁽⁴⁾ alarming investors who are skeptical about the returns. For example, Microsoft’s stock fell 2.3% after earnings on January 30, and Amazon’s stock fell 9% on February 5 after announcing AI capex increases.

3

Macro and Geopolitical Headwinds

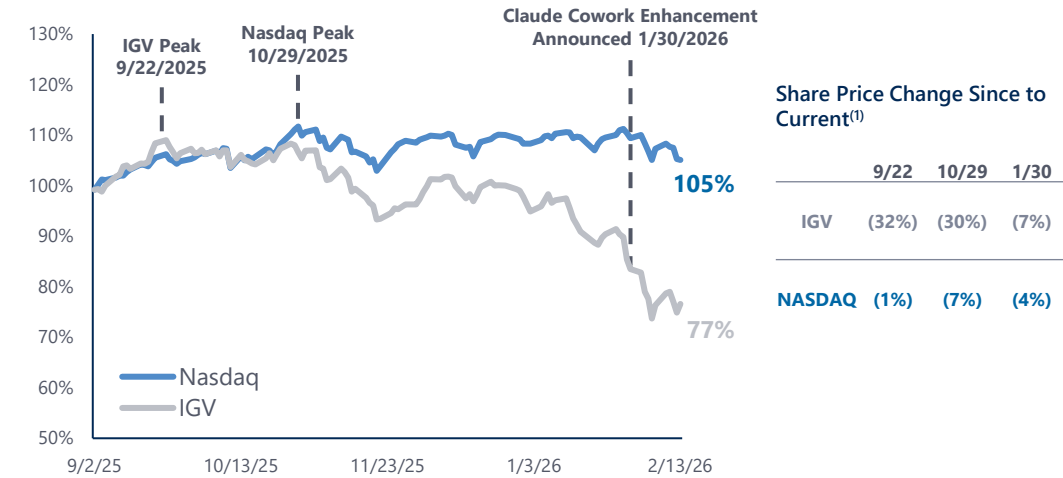
- Geopolitical tensions and trade frictions are creating uncertainty around a “de-risking” of global operations, increasing costs, and shrinking addressable markets for enterprise software.
- In response to inflation and employment headwinds, CFOs are closely examining discretionary IT budgets, potentially impacting growth for even high-flyers like Snowflake and Datadog.

4

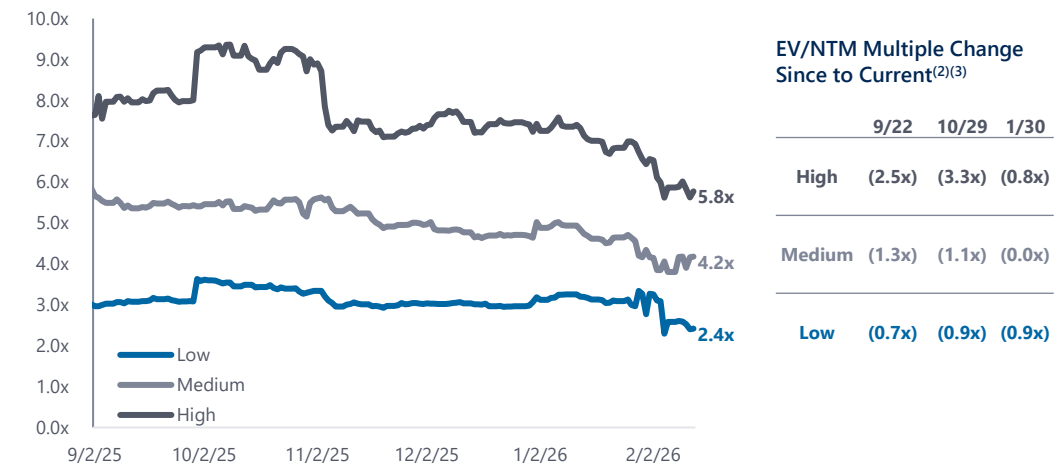
Employment Growth Concerns

- Recent large layoffs at major tech firms and “old economy” companies, such as 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⁾



EV/NTM Revenue⁽²⁾⁽³⁾



Sources: S&P Capital IQ as of February 13, 2026; Federal Reserve Economic Data.

(1) S&P Capital IQ as of February 5, 2025.

(2) 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.

(3) Low growth represents <5% Rev. Growth; Medium is 5-15% Rev. Growth; High is >15% Rev. Growth.

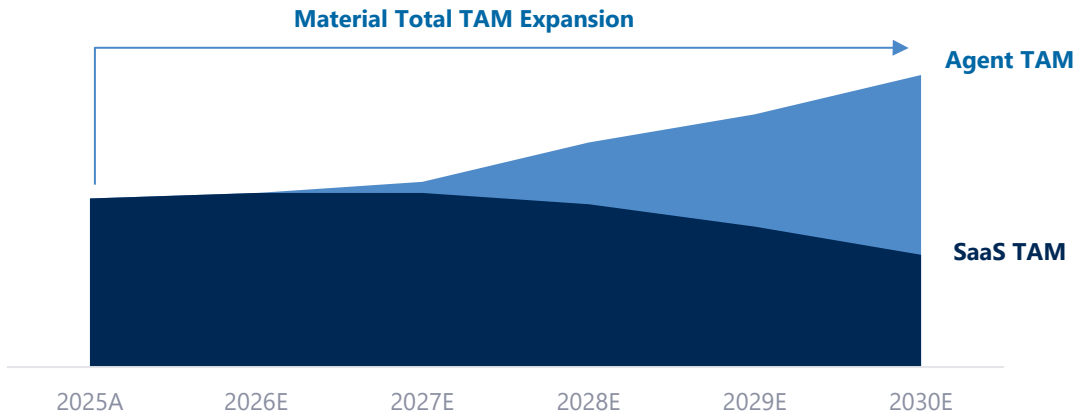
(4) Amazon, Google, Microsoft, and Meta.

However, the Reports of Software's Death Are Greatly Exaggerated

SaaS businesses with robust data moats that manage transition to value-based AI pricing will be winners.

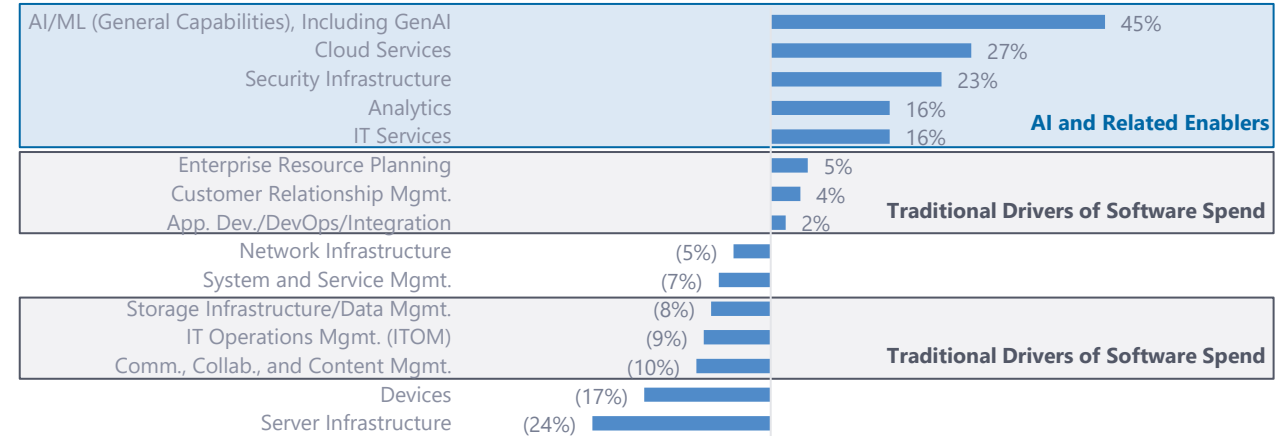
Total TAM Opportunity for SaaS and Agentic AI Is Expanding

Illustrative Example of Profit Pool Shifting to Agents⁽¹⁾



IT Organizations Are Increasingly Prioritizing Spend on GenAI and Related Enablers

Products Likely to Have the Largest Spend Increases/Decreases Over the Next 12 Months⁽²⁾



Where Investors Are Focusing to Find Long-Term Winners

- ✓ **GRR/Logo Retention:** Loyal customers signal the platform's customer value prop and create a clearer path to AI workflow expansion with "trusted" vendors, which will drive NRR.
- ✓ **Customer Engagement and Product Utilization Are More Closely in Focus for R&D Departments:** Which features are most used, where companies see the highest level of customer engagement, and how that drives either a unique data advantage or an opportunity for AI utilization.
- ✓ **Data moats and proprietary data create barriers to entry for new parties that lack data history and depth of data capture.**
- ✓ **Network Effects Reinforce Moats:** Companies that enable bridges between platforms through integrations and data exchange add value to customers through efficiency gains and become harder to displace/replicate.

Sources:

(1) Goldman Sachs, "AI Agents to Boost Productivity and Size of Software Market," July 3, 2025.

(2) BCG, "What AI means for the future of software," February 9, 2026.

Optimism for Building Momentum in 2026

1 Favorable Market Setup Is Unlocking Activity

- Key M&A indicators (e.g., sponsor activity, corporate cash levels) have strengthened for several consecutive quarters, with global deal announcements rising and equity markets up across major regions.
 - Supporting valuations, motivating corporate sellers, and giving buyers a stronger acquisition currency.
- Low volatility is narrowing bid-ask spreads, while tightening credit spreads and rising issuance volume keep the financing market open/available.

3 Regulatory Clarity Is Improving Execution Confidence

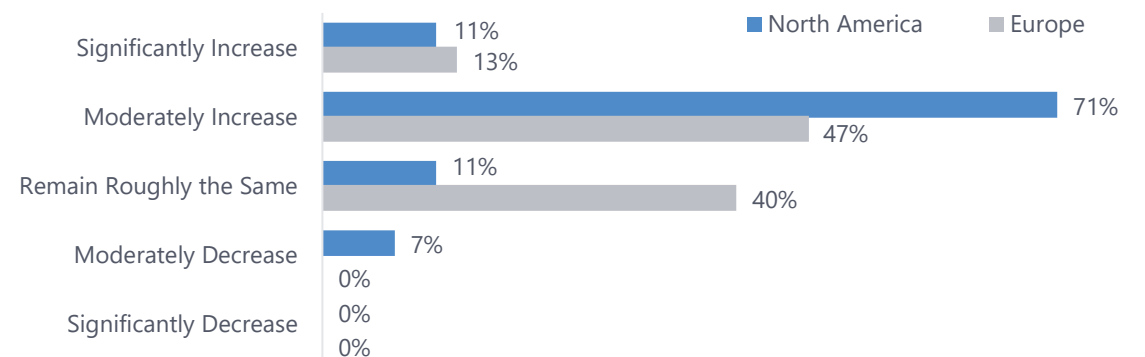
- U.S. antitrust agencies have signaled a shift toward a more predictable, transparent merger-review process, committing to litigate only when laws are violated and otherwise avoiding tactics that create uncertainty or delay.
- While not all deals will proceed unchallenged, greater consistency in reviews is broadly supportive of transaction activity.

2 Years of Pent-Up Sponsor and Strategic Demand Are Being Released

- After three years of M&A volumes running below trend relative to nominal GDP, CEOs and sponsors have built extensive pipelines for inorganic growth and new platform opportunities.
 - Long-held assets and pressure for fund DPI are leading to a more active PE selling environment.
- Private equity brings record dry powder and a large backlog of exits, while hyperscalers and leading tech firms are ramping AI investments to expand infrastructure, capabilities, and AI-driven offerings.

4 Deal Flow Expectations for 2026 Remain High

Sept. 2025 Morgan Stanley Research Analyst M&A Expectations Over the Next 12 Months⁽¹⁾



Source:
(1) Morgan Stanley, "2026 Midcap Advisors Outlook."



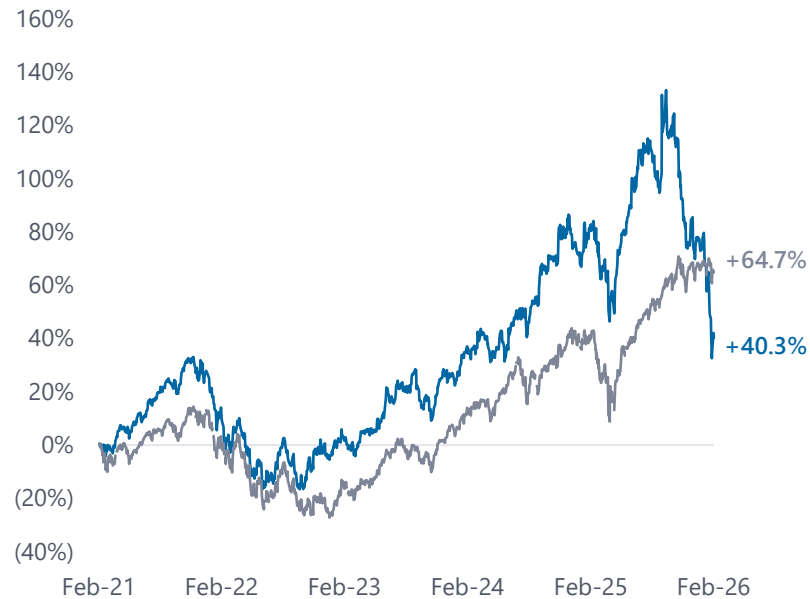
HCM Tech Public Market
Perspectives

02

HCM Tech Has Historically Outperformed Due to Mission Criticality

However, the recent pullback in HCM reflects broader pressure on software as investors perceive that AI will threaten “moats.”

Stock Price Performance



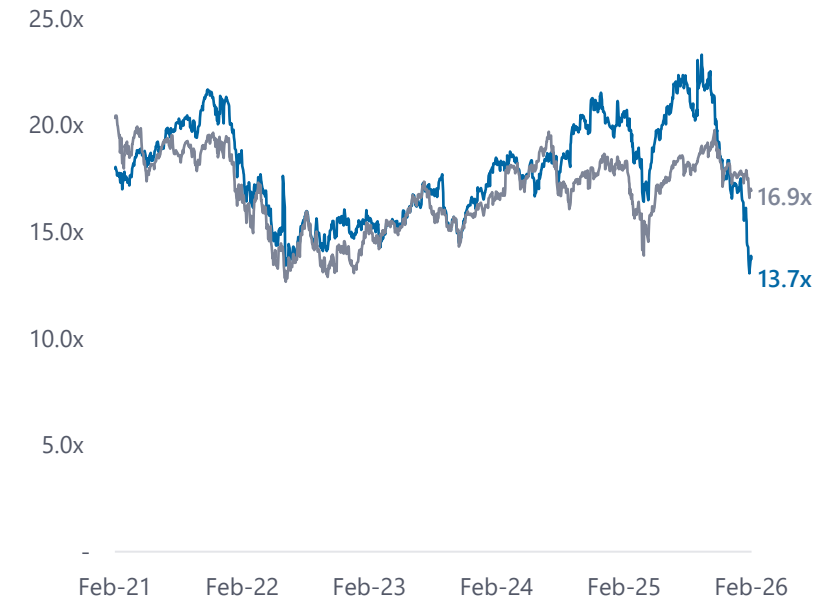
	HCM Software	Nasdaq
YTD 2025	(20%)	(1%)
1-Year	(23%)	+18%
3-Year	+35%	+94%
5-Year	+65%	+40%

Enterprise Value/NTM Revenue Multiple



	HCM Software	Nasdaq
Current	5.4x	4.7x
1-Year Mean	7.4x	4.6x
3-Year Mean	6.6x	4.1x
5-Year Mean	6.3x	3.9x

Enterprise Value/NTM EBITDA Multiple



	HCM Software	Nasdaq
Current	13.7x	16.9x
1-Year Mean	19.4x	17.6x
3-Year Mean	17.5x	16.4x
5-Year Mean	17.9x	16.9x

— Nasdaq — HCM

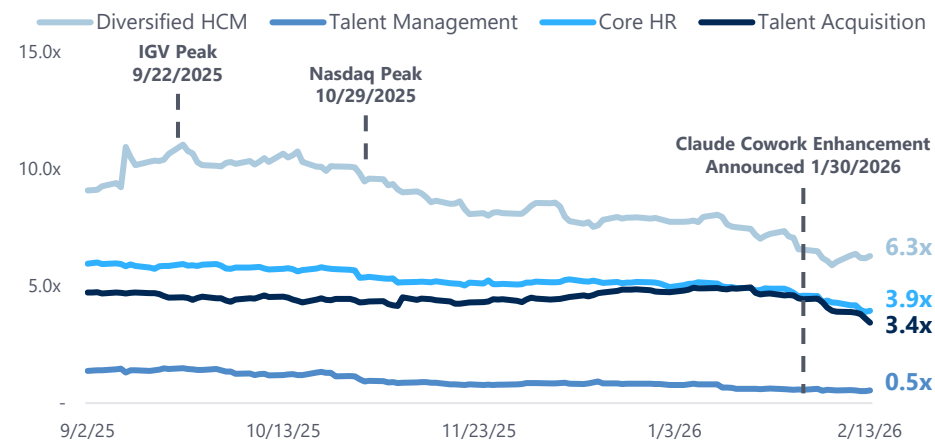
Source: S&P Capital IQ as of February 11, 2026.

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, 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.

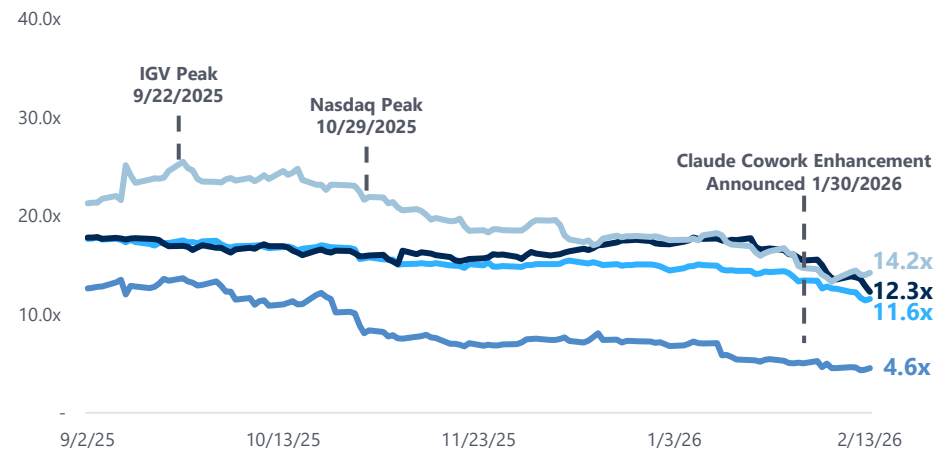
HCM Tech Multiples Have Compressed Broadly, With Core HR and Talent Acquisition Faring Best

Reflects Recent SaaS Pullback on Perceived AI Risk

EV/NTM Revenue



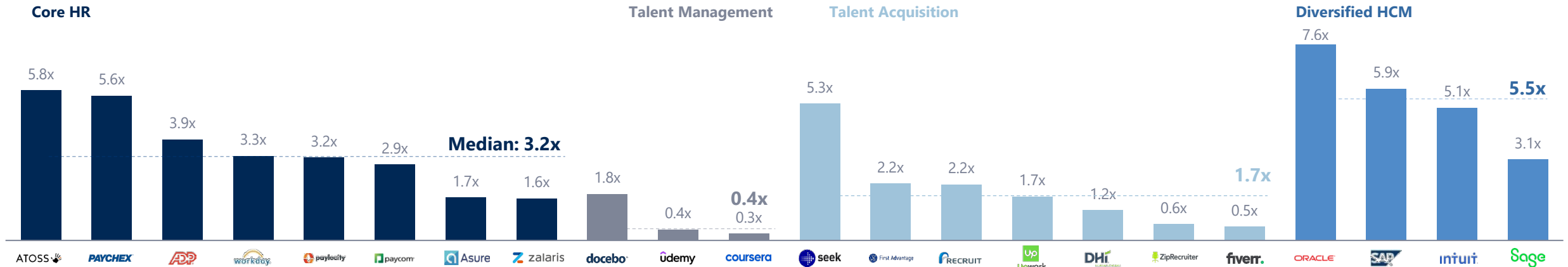
EV/NTM EBITDA



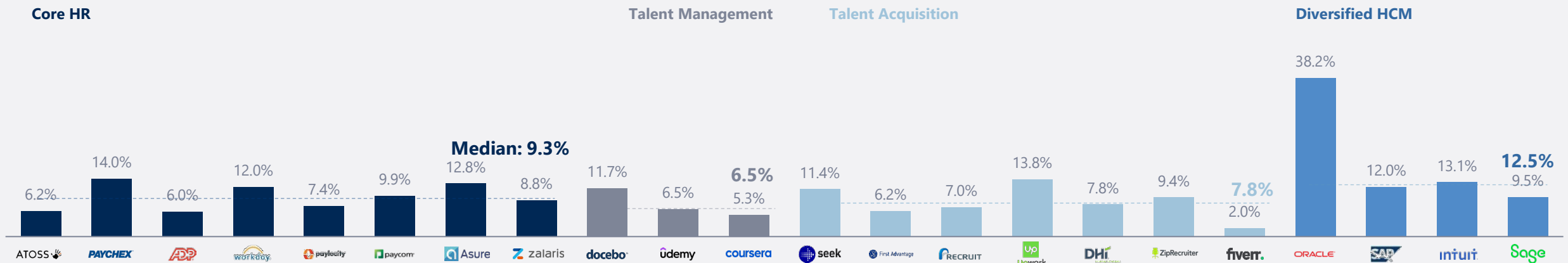
Company	EV/NTM Revenue				EV/NTM EBITDA			
	Current	Δ 9/22/25	Δ 10/29/25	Δ 1/30/26	Current	Δ 9/22/25	Δ 10/29/25	Δ 1/30/26
Core HR								
ADP	3.9x	(1.6x)	(1.0x)	(0.6x)	13.1x	(5.7x)	(3.4x)	(2.1x)
Workday	3.4x	(2.6x)	(2.3x)	(0.8x)	10.0x	(8.0x)	(7.0x)	(2.3x)
Paychex	5.6x	(2.1x)	(1.3x)	(0.5x)	12.0x	(4.3x)	(2.4x)	(1.0x)
Paycom	2.9x	(2.6x)	(1.8x)	(0.3x)	6.7x	(6.4x)	(4.3x)	(0.9x)
Paylocity	3.2x	(2.1x)	(1.2x)	(1.0x)	9.0x	(5.8x)	(3.4x)	(2.7x)
ATOSS	5.8x	(1.8x)	(3.1x)	(0.9x)	16.1x	(5.5x)	(8.6x)	(2.5x)
Asure	1.7x	0.2x	0.2x	(0.4x)	6.8x	0.5x	0.4x	(1.6x)
Zalaris	1.3x	0.0x	(0.2x)	(0.2x)	7.1x	(0.3x)	(1.1x)	(0.8x)
Mean	3.5x	(1.6x)	(1.3x)	(0.6x)	10.1x	(4.4x)	(3.7x)	(1.7x)
Median	3.3x	(2.0x)	(1.3x)	(0.5x)	9.5x	(5.6x)	(3.4x)	(1.8x)
Talent Management								
Udemy, Inc.	0.4x	(0.5x)	(0.3x)	(0.0x)	3.3x	(4.7x)	(3.1x)	(0.4x)
Docebo	1.8x	(1.4x)	(0.9x)	(0.1x)	9.3x	(7.2x)	(4.8x)	(0.4x)
Coursera, Inc.	0.3x	(1.3x)	(0.5x)	(0.0x)	2.9x	(17.0x)	(5.8x)	(0.4x)
Mean	(0.5x)	(0.5x)	(0.5x)	(0.5x)	(0.5x)	(0.5x)	(0.5x)	(0.5x)
Median	(1.4x)	(1.4x)	(1.4x)	(1.4x)	(1.4x)	(1.4x)	(1.4x)	(1.4x)
Talent Acquisition								
Recruit	2.2x	(0.9x)	(0.7x)	(0.8x)	10.4x	(5.1x)	(4.3x)	(3.3x)
SEEK	5.4x	(4.0x)	(3.6x)	(1.5x)	12.3x	(9.3x)	(8.3x)	(3.3x)
First Advantage	2.2x	(0.7x)	(0.5x)	(0.4x)	7.8x	(2.7x)	(1.9x)	(1.5x)
Upwork	1.7x	(1.2x)	(0.8x)	(1.2x)	5.9x	(5.0x)	(3.3x)	(4.2x)
ZipRecruiter	0.6x	(0.6x)	(0.5x)	(0.1x)	6.0x	(10.6x)	(9.7x)	(1.3x)
Fiverr	0.5x	(0.9x)	(0.7x)	(0.2x)	2.2x	(4.6x)	(3.6x)	(0.8x)
DHI Group	1.2x	(0.2x)	0.1x	0.2x	4.6x	(0.7x)	0.6x	1.0x
Mean	2.0x	(1.2x)	(1.0x)	(0.6x)	7.0x	(5.4x)	(4.4x)	(1.9x)
Median	1.7x	(0.9x)	(0.7x)	(0.4x)	6.0x	(5.0x)	(3.6x)	(1.5x)
Diversified HCM								
Oracle Corporation	7.6x	(7.1x)	(5.0x)	(0.2x)	14.3x	(13.5x)	(9.3x)	(0.2x)
Intuit Inc.	5.0x	(1.8x)	(1.6x)	0.0x	15.1x	(7.2x)	(5.8x)	0.2x
The Sage Group PLC	5.3x	(4.1x)	(3.5x)	(1.3x)	12.6x	(9.5x)	(8.3x)	(3.1x)
SAP	3.2x	(1.1x)	(1.2x)	(0.5x)	11.7x	(4.2x)	(4.8x)	(1.9x)
Mean	5.2x	(3.5x)	(2.8x)	(0.5x)	13.4x	(8.6x)	(7.1x)	(1.2x)
Median	5.1x	(2.9x)	(2.6x)	(0.3x)	13.5x	(8.3x)	(7.1x)	(1.0x)
Global Mean	3.0x	(1.8x)	(1.4x)	(0.5x)	9.1x	(6.2x)	(4.6x)	(1.5x)
Global Median	2.6x	(1.3x)	(0.9x)	(0.4x)	9.1x	(5.6x)	(4.3x)	(1.4x)

HCM Tech—Comparable Public Company Benchmarking

EV/2026E Revenue Multiple

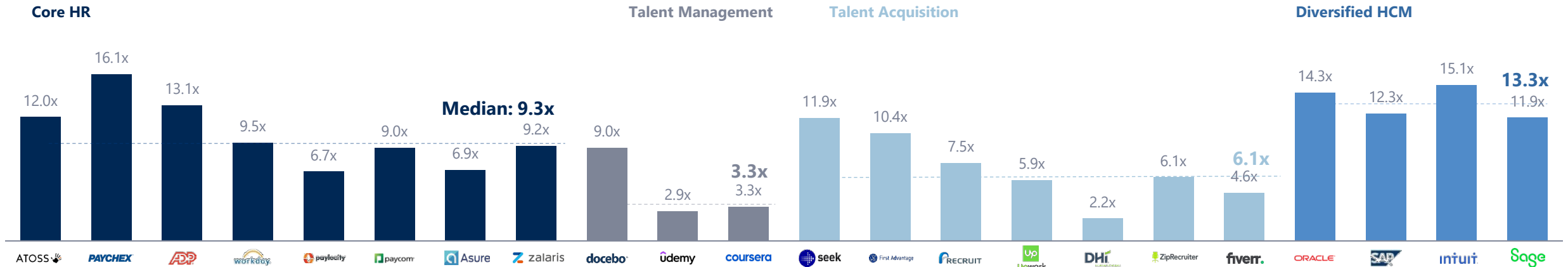


2026E–2027E Revenue Growth

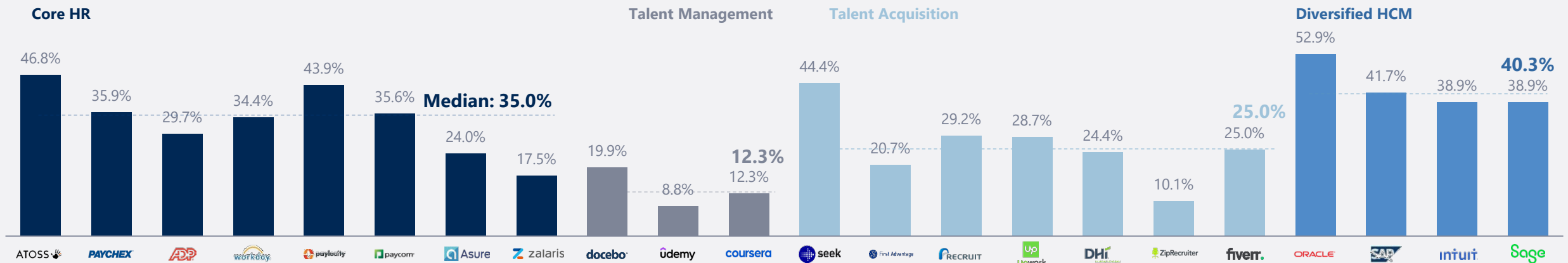


HCM Tech—Comparable Public Company Benchmarking (cont.)

EV/2026E EBITDA Multiple



2026E EBITDA Margin





Themes in HCM Tech

03

Tailwinds Driving the Next Evolution of HCM Technology

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

01	AI Is Now Embedded Across Core HCM Workflows	AI is embedded across recruiting, payroll, workforce management, and analytics, driving automation, reporting, and compliance rather than experimentation.	~70% Of large enterprises have AI embedded in at least one core HR module. ⁽¹⁾	~90% Of total HCM software spend expected to be allocated to platforms with GenAI and agentic AI agents by 2029. ⁽¹⁾
02	Skills Gaps and Workforce Planning Are Strategic Imperatives	Organizations are adopting HCM platforms to enable skills intelligence, workforce planning, internal mobility, and targeted reskilling.	~75% Of executives cite skills gaps as a primary constraint on growth. ⁽²⁾	~60% Of organizations are investing in skills-based workforce planning and talent marketplaces. ⁽³⁾
03	Employee Mobility and Engagement Driven Retention	Internal mobility, career pathing, and engagement tools are increasingly tied to retention and workforce performance.	~65% Of employees who move internally remain with their organization three or more years. ⁽²⁾	3x–4x Higher engagement among employees with access to internal mobility and career pathing tools. ⁽³⁾
04	End-to-End Platforms and Compliance Are Structural Advantages	Enterprises favor integrated HCM platforms to reduce total cost of ownership and manage growing regulatory and operating complexity.	>50% Of all HCM investment will go to cloud-based HCM suites by 2029. ⁽¹⁾	~15%–20% Reduction in administrative cost from consolidating HR, payroll, and workforce management. ⁽¹⁾⁽²⁾

How We Segment the HCM Technology Landscape



Houlihan Lokey views the HCM tech ecosystem in three segments with interconnected offerings, representing a **~\$44 billion global market in 2025 growing at ~14% CAGR through 2029.**⁽¹⁾⁽²⁾

Featured Horizontal HCM Technology Suites



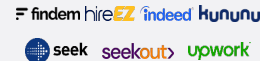
TALENT ACQUISITION: \$3.3 Billion/9.4% Growth⁽²⁾

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

Sourcing

- > Candidate Database
- > Talent Marketplace

Featured Companies



Recruitment Marketing

- > Job Posting
- > Advertising
- > Talent Relationship Management



Applicant Tracking

- > Applicant Tracking System (ATS)



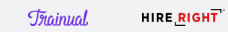
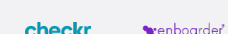
Assessments

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



Hiring Tools/Onboarding

- > AI/Video Interviewing
- > Background Checks
- > Internal Hiring



Staffing-Focused Business Management

- > Gig Work
- > Professional and Managerial
- > Office



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

Featured Companies



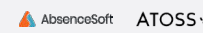
Payroll

- > Digital Payslips
- > Payroll Administration
- > Treasury Management



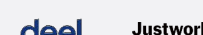
Workforce Management

- > 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: \$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

Featured Companies



Performance and Succession

- > Performance Reviews
- > 360-Degree Feedback
- > Culture Assessment



Learning and Development

- > LMS
- > EHS
- > Continuous Training/Upskilling/ Education



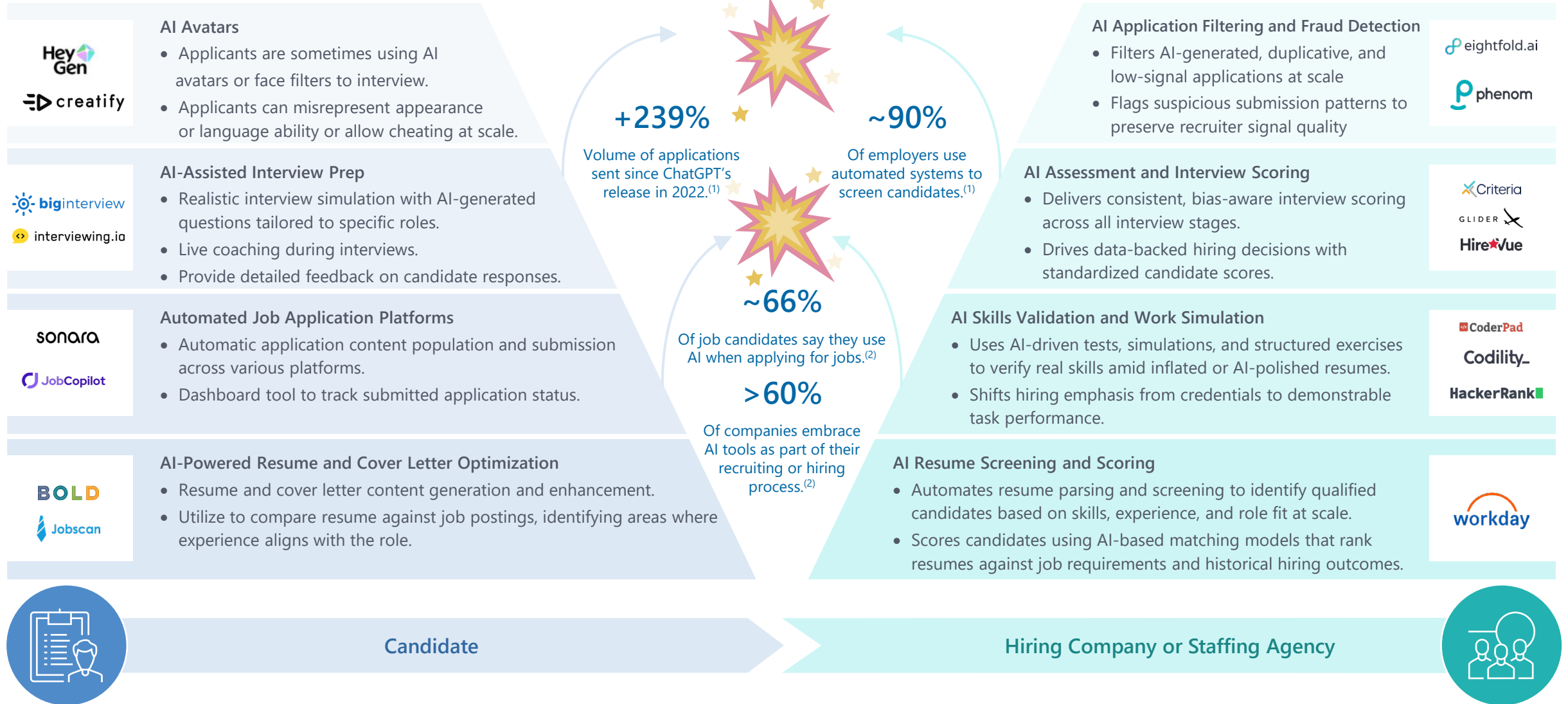
Talent Analytics

- > Operational Reporting
- > Workforce Planning
- > Employee Analytics



(1) Source: Gartner, Forecast Analysis: HCM Software, Worldwide, 2025.
 (2) Source: Coherent Market Insights, Recruitment Software Market, February 2025.
 (3) Note: Core HR includes Administrative HR and Workforce Management segments.

Battle of the Bots—Accelerating AI Arms Race in Talent Acquisition



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.

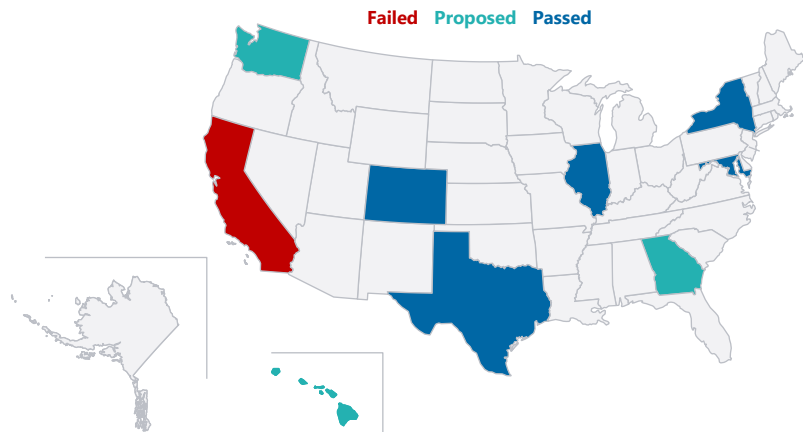
(2) U.S. Chamber, "AI for Job Applications Have Small Businesses Rethinking Hiring," August 2025.

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 August 2019 | Effective January 2020
- The law requires companies to disclose the use of AI to review interviews, explain how the system works, and obtain consent from candidates to use the system.
- The act does not prescribe any penalties for violations.



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.

Selected AI-Enhanced Recruiting Tools



Notable Litigation

 <ul style="list-style-type: none"> • 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. 	 <ul style="list-style-type: none"> • 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.
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Emerging 2026 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 Revolution	<ul style="list-style-type: none"> As M&A activity accelerates into 2026, HCM providers leading the AI revolution—especially via agentic AI embedded in payroll, HR, and compliance—are positioned to capture disproportionate value. AI is now a primary investment lens for HCM platforms, with key diligence focused on core product durability, ownership of workforce data, proof of agentic AI-driven ROI, and the scalability of AI-enabled margins.
02	HCM Is Expanding Into Office of 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, payroll-linked earned wage access, compliance, and potentially other office of CFO capabilities. SMB-focused vendors see the potential to reduce total cost of ownership and complexity for their customer base while expanding their TAM and driving growth via cross-sell.
03	Increased Regulations	<ul style="list-style-type: none"> Rapidly evolving regulations around AI usage and data privacy are driving demand for real-time, AI-enabled tools that ensure compliant decision-making across hiring, workforce management, and HR operations. As governments formalize AI rules in employment, organizations increasingly favor scaled, compliance-ready HCM platforms with embedded controls, auditability, and explainability.
04	Elevating Employee Experiences	<ul style="list-style-type: none"> Companies are realizing that it is cheaper to retain than hire, driving adoption of HCM capabilities for employee rewards and recognition, well-being, engagement and feedback, and personalized career paths. Leading vendors increasingly layer in skills intelligence, workforce planning, and analytics to directly link employee experience with productivity, retention, and organizational performance.
05	Payroll and HRIS Back in Investor Focus	<ul style="list-style-type: none"> Investors are focused on core systems of record—i.e., the “data silos”—for their perceived AI-defensibility and agentic AI-enabled automation of workflows, which is focusing them on payroll engines, HR information systems (HRIS), and ATS within an HR context. Public and private market activity in 2025 reinforced this preference, with momentum carrying into 2026 as HCM platforms continue adding AI-enabled workflows, to drive customer ROI and foster lock-in.



AI Driving Significant Market Activity in 2025

+\$24B

2025E U.S. AI and ML VC Deal Volume, 98% Growth Y/Y⁽¹⁾

+4%–6%

Average Annual Subscription Price Increases by HCM Software Providers Over the Next Two to Three Years⁽¹⁾

+22%

2025E Y/Y Growth of AI Mentions in S&P 500 Earnings Calls⁽²⁾

+\$2T

2026E Global AI R&D Spending⁽³⁾

Sources:
 (1) Gartner, Forecast Analysis: HCM Software, Worldwide, 2025. (2) The Forrester Wave: HCM Solutions, Q4 2025. (3) Deloitte, 2025 Global Human Capital Trends.



HCM Tech Investment Trends

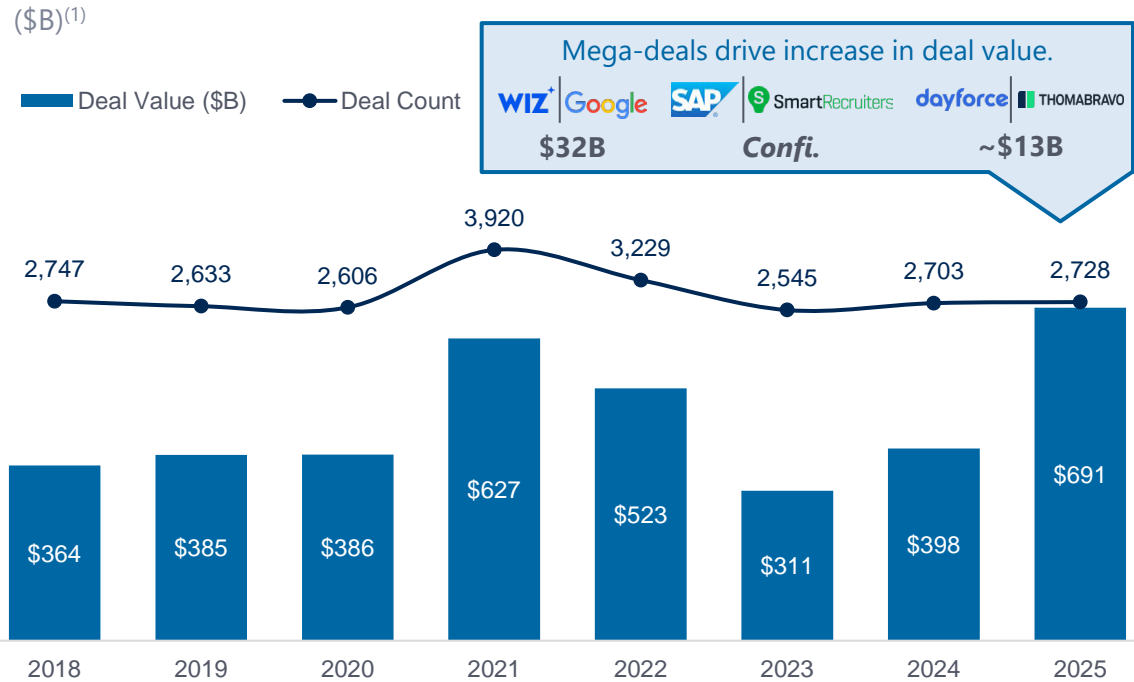
04

2025 Technology M&A Market Update

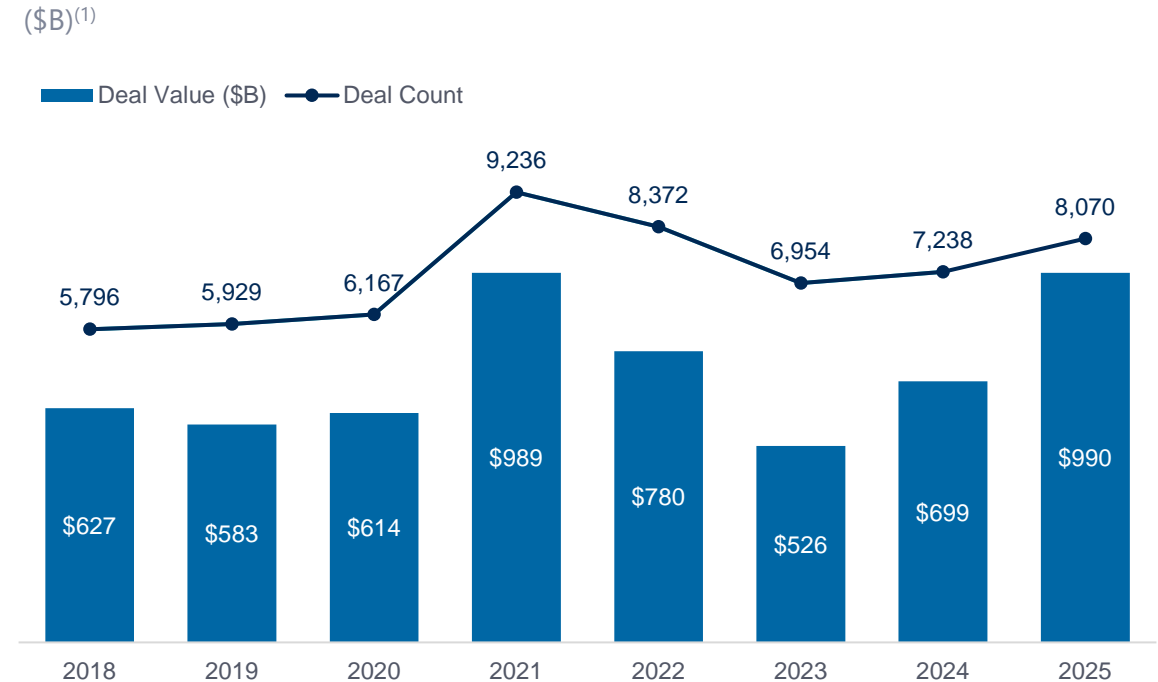
Technology M&A closed out its second year of positive momentum.

- North American tech M&A **surpassed 2021** levels as mega-deals drove value, and buyers looked to add tech AI capabilities and scale.
- Despite flat year-over-year deal volume, **average transaction sizes increased meaningfully**, reflecting a shift toward larger, more strategic acquisitions.
- **Key growth drivers include accelerating adoption of generative AI**, continued expansion of cloud and edge computing, heightened cybersecurity demand, **and increasing investment in vertical SaaS and FinTech platforms.**

North American Tech M&A Deal Value Surpasses 2021 Levels



Global Tech M&A Deal Value Continues to Rise

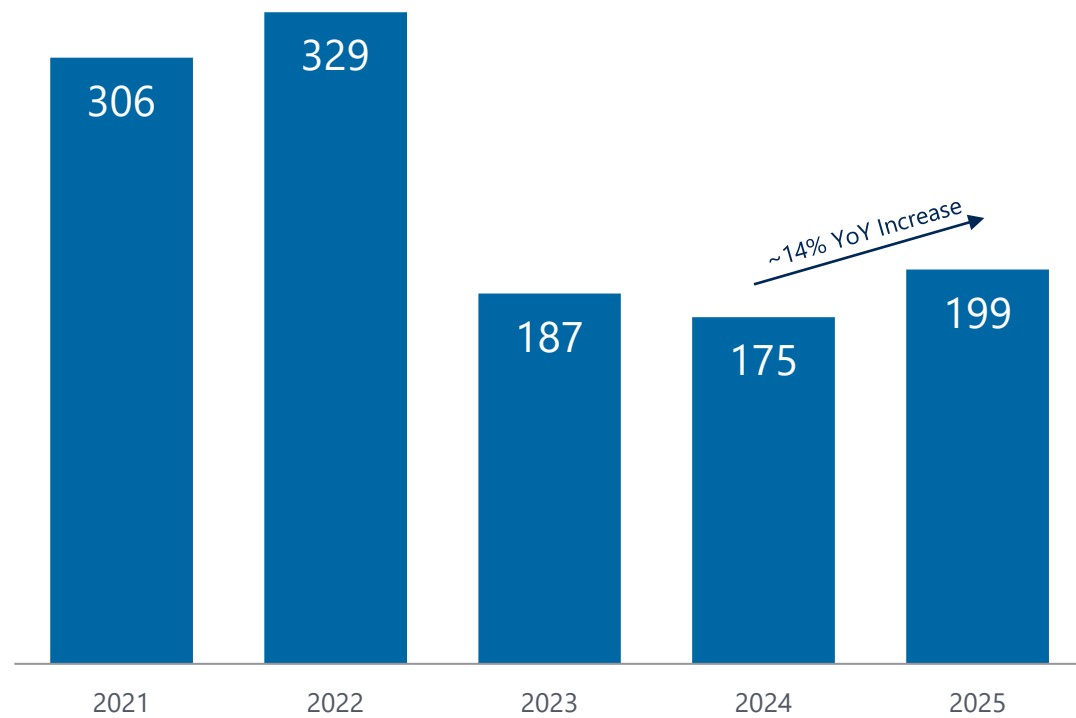


HCM Technology M&A Deal Dashboard 2025

HCM M&A Activity

Total annual disclosed deal value surpassed \$16.2 billion in 2025.⁽¹⁾

■ Deal Count



2025 HCM M&A Notable M&A Transactions

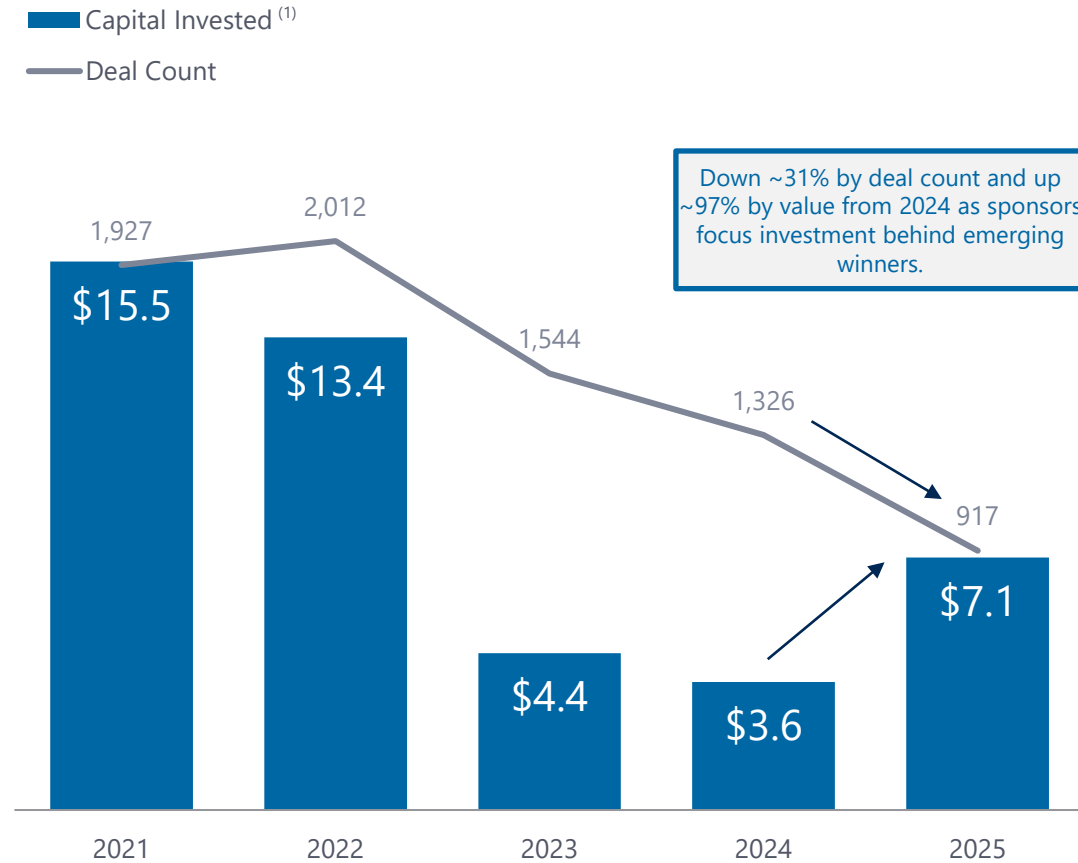
(\$M)

Date	Target	Buyer	Subsector	EV
12/25	interact	CASTIK CAPITAL	Employee Engagement	Confidential
11/25	Totalmobile	Five Arrows Rothschild & Co	Workforce Management	Confidential
10/25	Heartland	ACRISURE	Payroll	\$1,100
09/25	joblogic	VISTA	Workforce Management	Confidential
09/25	Sana	workday	Learning	\$1,100
08/25	dayforce	THOMABRAVO	Payroll, HR, and More	\$12,725
08/25	PARADOX	workday	Hiring Tools	\$1,000
08/25	isolved	AKKR (continuation vehicle)	Workforce Management	\$2,800
07/25	NEOGOV	IEQT CPP Investments	Workforce Management	\$3,000
03/25	P&I PURE HR	Hg	Payroll	\$5,945
01/25	Paycor	PAYCHEX	Payroll	~\$4,133

HCM Technology Venture Capital and Growth Equity Deal Dashboard 2025

HCM Venture Capital and Growth Equity Activity

(\$B)

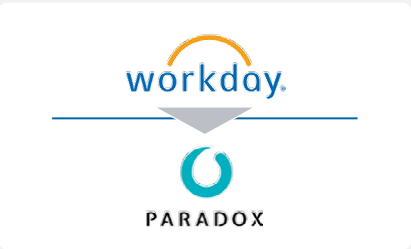


HCM Venture Capital and Growth Notable Equity Transactions

(\$M)

Date	Company	Selected Investor(s)	Subsector	Amount of Equity Invested
10/25	findem	SILVERLAKE WATERMAN	Hiring Tools	~\$51
10/25	deel.	andressen horowitz COATUE Ribbit Capital	Payroll	~\$300
09/25	Juicebox	SEQUOIA	Payroll	~\$36
09/25	MERCOR	Felicis	Hiring Tools	~\$350
07/25	SPARROW	SILVERLAKE WATERMAN	Employee Engagement	~\$35
07/25	Ashby	ALKEON CAPITAL MANAGEMENT	Applicant Tracking	~\$50
05/25	awardco	SIXTH STREET SPECTRUM EQUITY	Employee Engagement	~\$165
05/25	jobandtalent	INFRAVIA KIBO VEN TURES Hercules CAPITAL	Contingent Labor	~\$100
04/25	checkr	SOUND))) TransUnion	Hiring Tools	~\$61
01/25	darwinbox	KKR PARTNERS GROUP	Workforce Management	~\$180

Recent HCM Consolidation: Workday Acquires Paradox for \$1.0 Billion in Aug-25



Summary

- Paradox is a conversational AI hiring platform offering an AI assistant that automates tasks across the hiring cycle, including job search, screening, scheduling, interviewing, offers, and onboarding, to simplify recruiting for high-volume and frontline roles.
- Paradox serves global employers across frontline hourly and professional roles, delivering mobile, chat, and SMS-driven hiring experiences that reduce friction and improve recruiter efficiency.
- Paradox platform powers high-volume hiring by offering instant candidate responses, self-scheduling, and 24/7 conversational support, enabling employers to fill roles faster while improving candidate experience at scale.
- Workday has been actively expanding its portfolio by acquiring AI-driven companies that enhance enterprise and employee experiences with seamless hiring and onboarding with Workday Recruiting.

Summary

- Location:** USA
- Transaction Date:** August 2025
- Sector:** HCM Software

Strategic Rationale

Advancing AI agents' capabilities to streamline applications, screening, scheduling, and candidate engagement.

Strengthening enterprise AI strategy by embedding intelligent assistants into core workforce management solutions.

Enhancing candidate engagement with automated scheduling, screening, and communication for a more human hiring experience.

Paradox's global client reach and multi-language conversational AI capabilities enhance the ability to support diverse international hiring needs.

KPIs

- **Enterprise Value:** \$1.0B
- **Employee Count:** ~800+
- **ARR:** *Conf.*
- **EV/ARR:** *Conf.*
- **YoY Growth:** *Conf.*

Broker Views

The acquisition could be a helpful contributor to improving Workday's recruiting solutions, and as part of a broader effort to strengthen the platform, with customers who have higher-velocity hiring and more frontline workers.

—Daniel Jester, BMO Capital Markets (Aug-25)

Workday is well-positioned to pursue more M&A deals like its Paradox AI acquisition... Our understanding, based on conversations with industry sources familiar with the situation, is that Paradox AI had over \$100 million in ARR and was growing around 25%.

—Patrick Walravens, Citizens (Aug-25)

The Paradox acquisition (candidate experience AI agent) bolsters the recruiting suite alongside HiredScore and Workday Recruiting to deliver a comprehensive solution.

—Brent A. Bracelin, Piper Sandler (Aug-25)

Recent HCM Consolidation: SAP Acquires SmartRecruiters for \$1.8 Billion in Aug-25



SmartRecruiters

Summary



Location
USA



Transaction Date
August 2025



Sector
HCM Software

KPIs

- **Enterprise Value:** \$1.8B
- **Employee Count:** ~700+
- **Customer Count:** ~4,000+
- **EV/ARR:** NA

Summary

- SmartRecruiters is an AI-powered talent acquisition platform serving 4,000+ global enterprises and delivering end-to-end hiring capabilities, including attraction, selection, and hiring workflows.
- SmartRecruiters platform supports large-scale, high-volume, and enterprise recruiting, powered by AI-led automation through its SmartOS system and Winston AI assistant to streamline screening, scheduling, and candidate matching.
- SmartRecruiters will remain available as a stand-alone offering while also being interoperable with SAP SuccessFactors, ensuring flexibility and continuity for both SAP and existing SmartRecruiters customers.
- Through acquisitions, SAP is enhancing its AI-driven digital adoption platform and reinforcing its broader commitment to advancing talent acquisition by integrating intuitive workflows, AI-enabled recruiting, and multilingual candidate engagement.

Strategic Rationale



Unifies end-to-end hiring in the SAP SuccessFactors HCM suite, integrates SmartRecruiters to manage sourcing and onboarding with enhanced AI recruiting.



Integrates embedded analytics with AI-driven recommendations to enhance hiring decisions, while accelerating time-to-hire through intelligent screening and automated workflows.



Enhances the candidate experience with modern, user-friendly workflows, elevating engagement throughout the candidate lifecycle.



Combining high-volume frontline hiring with enterprise-grade recruiting to cover the full spectrum of hiring challenges with automated hiring at a global scale.

Broker Views

SAP closed the acquisition of SmartRecruiters on September 12, 2025. We estimate the acquisition will contribute up to €100 million in annual revenue, or ~70 bps to Q3'25 CCB growth.

—Ben Castillo-Bernaus, BNP Paribas (Oct-25)

We believe talent acquisition is one of the earliest and most advanced segments of the HCM market, leveraging generative AI... SAP likely sees this deal as a way to enhance SuccessFactors' competitiveness and put more GenAI capabilities in front of clients, albeit AI in recruitment remains a contentious subject for some.

—Michael Briest, UBS (Aug-25)

As a leader in talent acquisition software, we think this purchase speaks to management's focus on providing best-of-breed solutions to key LOBs, with AI applicability and several key use cases between HR and finance also referenced.

—Michael Turrin, Wells Fargo (Aug-25)

Recent HCM Consolidation: Thoma Bravo to Acquire Dayforce for ~\$12.3 Billion, announced in Aug-25

THOMABRAVO

dayforce

Summary



Location
USA



Transaction Date
August 2025



Sector
HCM Software

KPIs

- **Enterprise Value:** \$12.3B
- **EV/LTM Revenue:** ~6.6x
- **EV/LTM EBITDA:** ~23.0x
- **YoY Growth:** 13.4%
- **Recurring Revenues:** 85%
- **LFY⁽¹⁾ Net Revenue Retention:** 98%

Summary

- Dayforce is a global, AI-powered HCM platform that offers a single system for HR, payroll and tax, workforce management, talent, and reporting/analytics.
- Dayforce emphasizes compliance, global payroll, and ROI, supported by an integrated data model and AI to automate repetitive tasks and surface real-time insights.
- Dayforce operates a cloud, subscription-driven HCM model and positions its suite, including Dayforce Wallet and Flex Work, to serve diverse industries and geographies with modern, unified workflows.
- Under the agreement, stockholders will receive \$70.0 per share in cash with a 32% premium over the unaffected closing price on August 15, 2025, and the company will continue operating under its existing name and brand, with the transaction expected to close in early 2026.

Strategic Rationale



Seeking long-term growth potential by transitioning to private ownership with a leading software investment firm to deepen customer value and accelerate HCM innovation.



Partnering can accelerate growth, aligning focus, resources, and innovation to advance as the HCM leader in a world increasingly shaped by AI.



Commitment to strengthen partnership to drive business growth, deliver measurable value for customers, and solidify leadership in AI as a generational software company.



This transaction underscores immediate shareholder value, long-term recognition, and the organization's strength.

Broker Views

We expect this deal to drive a positive reaction across the broader HCM Sector. There has been increased M&A in the sector following ADP's ~\$1.2 billion acquisition of previously PE-backed Workforce Software and Paychex's ~\$4 billion acquisition of Paycor—supporting ALIT + PAYC multiples, currently trading at 1.2x + 3.7x 2027E sales.

—Kevin McVeigh, UBS (Nov-25)

Dayforce currently trades at 4.2x CY26E revenue, versus peers Paycom at 5.4x and Paylocity at 5.3x, and compares with Paycor (acquired by Paychex) at a 5.2x takeout multiple on out-year revenue. Assuming a takeout of 5.0x CY26E revenue, it would imply ~20% upside to Dayforce's current share price or ~\$63. On a Free Cash Flow basis, Dayforce trades at 27x our CY26E FCF multiple, and we note a low 30's FCF multiple would also imply ~20% upside.

—Bhavin Shah, Deutsche Bank (Aug-25)

We believe it would be logical for DAY to go private here, given shares are not getting credit for its improving fundamentals (-27% YTD & -25% L3Y), in our view. We view a deal valuation close to comps PAYC and PCTY (or ~5.3x CY26E EV/S) as reasonable, or \$68 per share (or 29% upside). Shares are up ~24% pre-market. We note the potential for deal talks to end or for another bidder to emerge.

—Jared Levine, TD Cowen (Aug-25)

Recent HCM Consolidation: Paychex Acquires Paycor for \$4.1 Billion in Jan-25

PAYCHEX

Paycor

Summary



Location
USA



Transaction Date
January 2025



Sector
HCM Software

KPIs

- **Enterprise Value:** \$4.1B
- **EV/Revenue:** 6.1x
- **EV/EBITDA:** 18.5x
- **YoY Growth:** 16%
- **Recurring Revenues:** ~92%
- **Net Revenue Retention:** ~98%

Summary

- Paycor is a provider of cloud-based human capital management software.
- As of 2025, Paycor serves more than 50,000 businesses nationwide (primarily SMBs), supporting more than 2.5 million users across all 50 states. The company has approximately 2,900 employees operating from 38 locations.
- Paycor offers payroll solutions, including payroll processing, HR management, time and attendance tracking, talent acquisition, and benefits administration, with 92% of Paycor's FY24 revenues recurring.
- Paychex has an extensive track record of successful acquisitions and proven ability to integrate platforms, although Paycor is expected to remain as a stand-alone brand.

Strategic Rationale



Enhance upmarket capabilities (although SMB resilience is expected to continue) and enable new channels to accelerate long-term growth.



Leverage scale and expansion of solution offerings to deepen channel partner relationships and distribution capabilities.



Combine complementary offerings in workforce management, talent management, and talent acquisition, as well as strengthen R&D expertise.



Significant cost synergies (estimated \$80 million RR cost savings over the next 12 to 15 months), as well as cross- and upselling synergies.

Broker Views

Poised to leverage scale with Paycor's modern cloud/AI technology. \$80m+ cost and revenue synergy—EPS neutral year 1, accretive year 2+. H125 CALENDAR close. Timing/integration will be key debates, deal supports DAY + PAYC relative preference.

—UBS (Jan-25)

The valuation (19% premium to 30-day VWAP) is lower than expected for a desirable asset with direct synergies, though this likely reflects Paycor's relatively low free cash flow conversion, recent GTM issues, and Apax's desire to exit.

—Jake Roberge, William Blair (Jan-25)

While we see the strategic rationale of moving upmarket with PYCR, this transaction raises questions about organic growth prospects in PAYX's core business. We are also cognizant of potential post-merger integration risks, as PYCR is easily PAYX's largest acquisition ever. PAYX is also adopting a less conservative form of non-GAAP reporting.

—Jason Kupferberg, BofA (Jan-25)



Appendix

05

Highlighted M&A Transactions

Announced Date	Target	Acquirer	Description	EV (\$M)	LTM Rev (\$M)	EV/LTM Rev.
 12/25	 interact	 CASTIK CAPITAL	Developer of employee engagement and communication software intended for middle-market enterprises.	Confidential		
12/25	 inova Payroll	 UKG	HCM and payroll services provider focused on SMB and the largest reseller of the UKG Ready suite in the U.S.	Confidential		
11/25	 BrightHire	 ZOOM	Develops an interview intelligence platform aimed at improving the hiring process through AI.	NA		
 11/25	 Totalmobile	 Rothschild & Co	Developer of field service and mobile workforce management software for healthcare, housing and property, utilities and infrastructure, transport and logistics, and facilities management.	Confidential		
10/25	 Pequity	 ADP	Develops a compensation platform aimed at combating pay inequality and simplifying compensation processes.	Confidential		
10/25	 Criterion	 Sage	Developer of human capital management software designed to comprehensively manage payroll and recruiting.	~\$80		
10/25	 (Payroll Business)	 ACRISURE	Cloud-based payroll and HR software solution designed primarily for small to midsized businesses.	~\$1,100		
 09/25	 joblogic®	 VISTA	Developer of service management software intended to serve medium-sized businesses.	Confidential		
09/25	 Sana™	 workday	Develops an AI learning platform and knowledge assistant aimed at transforming organizational learning and knowledge access.	~\$1,100		
09/25	 Payentry®  MPAY	 TENEX CAPITAL MANAGEMENT	Provider of payroll and human capital management solutions that help businesses streamline operations, stay compliant, and improve employee experiences.	NA		

For additional deal data, please contact:
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Marco.Solle@HL.com (EU)

Highlighted M&A Transactions (cont.)

Announced Date	Target	Acquirer	Description	EV (\$M)	LTM Rev (\$M)	EV/LTM Rev.
09/25	 igloo	 APPSPACE	Develops digital workplace platforms aimed at enhancing employee engagement and productivity in the retail, hospitality, and manufacturing sectors.	NA		
09/25	 jitjatjo	 dayforce	Provider of an on-demand staffing marketplace connecting businesses with vetted, W2 hourly workers.	NA		
08/25	 dayforce	 THOMABRAVO	Provider of HR, payroll and tax, workforce management, wallet, benefits, and talent intelligence functionalities.	~\$12,725		
08/25	 PARADOX	 workday	Developer of recruitment assistant application to screen candidates and simplify the job search process.	~\$1,000		
08/25	 isolved	 AKKR	Provider of a combination of software and services for HR, payroll, and benefits professionals.	~\$2,800		
08/25	 Ingentis	 CARLYLE	Provider of software that enables organizations to visualize, design, analyze, and plan current and future workforce and organizational structures.	Confidential		
08/25	 employee NAVIGATOR	 JMI SPECTRUM EQUITY	Developer of benefits administration and HR management software for insurance brokers, carriers, and HR departments.	NA		
08/25	 SmartRecruiters	 SAP	Developer of enterprise/professional-focused recruitment platform designed to provide full source-to-hire capabilities for the modern workforce.	Confidential		
07/25	 NEOGOV	 IEQT CPP Investments	Developer of workforce management software designed for the unique needs of public sector (state and local) and higher education organizations.	Confidential		
07/25	 BEEKEEPER	 lumapps	Developer of a frontline success system designed to streamline operations for businesses.	Confidential		

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Marco.Solle@HL.com (EU)

Highlighted M&A Transactions (cont.)























Announced Date	Target	Acquirer	Description	EV (\$M)	LTM Rev (\$M)	EV/LTM Rev.
06/25	 eplay	 access	Developer of applicant tracking and talent acquisition software designed to streamline recruitment workflows from job requisition through onboarding.	Confidential		
06/25	 MBO partners	 beeline®	Provider of independent workforce management solutions, offering compliance, payroll, benefits, and administrative services.	NA		
05/25	 iiPay	 VISTRN	Provider of essential business services that help organizations invest, grow, and operate efficiently and compliantly across the world.	Confidential		
 03/25	 P&I PURE HR	 Hg	Developer of HR management software, offering payroll accounting, personnel management, and time management software services.	Confidential		
03/25	 SAFEGUARD GLOBAL (Global Payroll)	 deel.	Provider of recruitment and hiring services; division of Safeguard providing payroll solutions.	Confidential		
03/25	 primepay	 CoADVANTAGE®	Developer of HR, payroll, benefits, and time management technology.	Confidential		
 02/25	 mapalos	 EURAZEO	Developer of management and business analytics software focused on improving the performance of hospitality businesses.	Confidential		
02/25	 loxo	 Tritium PARTNERS	Provider of a talent intelligence platform designed to streamline the entire recruitment lifecycle.	~\$200		
01/25	 HUMI	 employmenthero	Developer of cloud-based software designed to automate HR processes.	~\$100		
01/25	 Paycor	 PAYCHEX®	Provider of payroll and HCM solutions to small and midsize clients in the United States via a software-as-a-service model.	~\$4,133		

For additional deal data, please contact:
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Highlighted Financings

Announced Date	Target	Investor	Description	Investment (\$M)	Post-Money Val. (\$M)
11/25	 benepass	 CENTANA GROWTH PARTNERS	Developer of a benefits card software designed to improve access to benefits, maximize flexibility, and increase ease of use.	~\$40	~\$187
10/25	 findem	 SILVERLAKE WATERMAN	Developer of a talent acquisition candidate relationship management platform designed to empower talent teams to build companies.	~\$51	~\$444
10/25	deel.	 andreesen horowitz Ribbit Capital COATUE	Developer of a global workforce management platform designed for businesses hiring international talent.	~\$300	~\$17,300
10/25	Jack&Jill	CREANDUM	Developer of an AI-based recruiting platform intended to automate the job search process.	~\$27	NA
10/25	 NAVA	 THRIVE CAPITAL	Provider of employee benefits brokerage services intended to bring affordable healthcare to employers and their employees.	~\$30	NA
09/25	 Juicebox	 SEQUOIA	Developer of an AI platform designed to hire independent tech talent at zero commission.	~\$36	~\$201
09/25	 MERCOR	 Felicis	Developer of an AI-powered hiring platform designed to streamline the hiring process for both candidates and companies.	~\$350	~\$10,000
09/25	 Payworks	 Hg	Provider of cloud-based payroll solutions designed to streamline payroll processing, tax compliance, and employee benefits management for businesses of all sizes.	NA	NA
07/25	 SPARROW	 SILVERLAKE WATERMAN	Developer of HR management software designed to take care of employee leaves.	~\$35	~\$375
07/25	Ashby	 ALKEON CAPITAL MANAGEMENT	Developer of recruitment software designed for high-value companies to achieve growth targets.	~\$50	~\$503
05/25	 RIPPLING	 Baillie Gifford , Goldman Sachs Growth Equity , GIC , SANDS CAPITAL	Developer of a workforce management platform designed to eliminate the administrative work of running a company.	~\$460	~16,800

Highlighted Financings (cont.)

Announced Date	Target	Investor	Description	Investment (\$M)	Post-Money Val. (\$M)
06/25	 BetterComp	 TEN COVES CAPITAL	Developer of a comp-tech platform designed to enable compensation tools, processes, and data.	~\$31	~\$100
05/25	 awardco	 SIXTH STREET GROWTH SPECTRUM EQUITY	Developer of an employee recognition platform designed to enhance workplace culture.	~\$165	~\$1,000
04/25	 nectar	 PEAKSPAN	Developer of a culture platform designed to help organizations improve employee engagement, recognition, and internal communication.	~\$24	~\$150
04/25	 salsa	 ALTOS VENTURES	Developer of a payroll infrastructure platform intended to offer API tools to build, create, and launch payroll management products.	~\$20	~\$73
04/25	 jobandtalent	 INFRAVIA KIBO VENTURES	Operator of a temp workforce marketplace designed to offer job matching and new staff management services.	~\$100	~\$1,420
04/25	 checkr	 SOUND))) TransUnion	Developer of an AI-powered people screening platform intended to provide information to power informed decisions.	~\$61	NA
03/25	 Paraform	 Felicis	Developer of a recruiting platform intended to connect companies with specialized recruiters.	~\$20	~\$185
03/25	 darwinbox	 KKR PARTNERS GROUP	Operator of a service-based HR management platform designed to transform the interaction between the workforce and technology.	~\$180	~\$450
02/25	 clair	 upfront	Developer of an instant pay access technology designed to offer on-demand access to earned wages.	~\$23	NA
01/25	 Borderless / AI	 Aglaé VENTURES SIG SUSQUEHANNA	Developer of a global HR platform designed to onboard, manage, and pay international team members on one platform.	~\$32	NA
01/25	 Maki	 BLOSSOM	Developer of a skills assessment platform designed to reduce time-to-hire.	~\$29	NA

Featured Comparable Public Companies (\$ in Millions)

Company	Stock Price 2/11/2026	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	\$217.54	65.9%	\$92,861.6	4.1x	3.9x	13.9x	13.0x	5.9%	6.0%	29.7%	30.0%	35.6%	36.0%
Workday	\$144.52	51.4%	\$37,249.5	3.5x	3.1x	10.1x	8.4x	12.3%	12.0%	34.4%	37.1%	46.7%	49.2%
Paychex	\$94.90	58.9%	\$39,062.2	5.8x	5.5x	12.5x	11.7x	10.9%	6.2%	46.8%	47.2%	57.6%	53.3%
Paycom	\$118.77	44.4%	\$6,569.5	2.9x	2.7x	6.8x	6.2x	8.6%	9.0%	43.1%	43.8%	51.7%	52.8%
Paylocity	\$107.69	49.2%	\$6,103.2	3.4x	3.1x	9.5x	8.6x	7.5%	9.9%	35.6%	35.9%	43.0%	45.8%
ATOSS	\$105.72	60.4%	\$1,583.5	6.2x	5.4x	17.3x	14.9x	14.9%	14.0%	35.9%	36.6%	50.8%	50.6%
Asure	\$7.79	64.0%	\$297.8	1.9x	1.7x	7.8x	5.9x	14.0%	12.8%	24.0%	28.2%	38.0%	41.0%
Zalaris	\$8.62	85.7%	\$219.4	1.7x	1.5x	9.5x	8.8x	11.1%	8.8%	17.5%	17.5%	28.6%	26.3%
Mean				3.7x	3.4x	10.9x	9.7x	10.6%	9.8%	33.4%	34.5%	44.0%	44.4%
Median				3.4x	3.1x	9.8x	8.7x	11.0%	9.4%	35.0%	36.3%	44.9%	47.5%
Talent Management													
Udemy, Inc.	\$4.58	43.2%	\$330.4	0.4x	0.4x	3.3x	2.8x	2.5%	5.3%	12.3%	13.7%	14.8%	19.0%
Docebo	\$18.84	41.4%	\$498.1	1.9x	1.7x	9.3x	7.6x	11.0%	12.0%	19.9%	21.7%	30.9%	33.7%
Coursera, Inc.	\$5.72	42.1%	\$203.1	0.2x	0.2x	2.8x	2.2x	8.1%	6.5%	8.8%	10.5%	16.9%	17.0%
Mean				0.8x	0.8x	5.2x	4.2x	7.2%	7.9%	13.7%	15.3%	20.9%	23.2%
Median				0.4x	0.4x	3.3x	2.8x	8.1%	6.5%	12.3%	13.7%	16.9%	19.0%
Talent Acquisition													
Recruit	\$48.01	68.3%	\$63,934.4	2.6x	2.4x	12.5x	11.4x	7.1%	7.0%	20.9%	21.4%	28.0%	28.4%
SEEK	\$13.20	62.2%	\$5,473.8	6.0x	5.4x	13.6x	11.7x	16.6%	11.3%	44.4%	46.5%	61.0%	57.8%
First Advantage	\$10.97	54.1%	\$3,842.3	2.4x	2.2x	8.1x	7.3x	5.0%	7.0%	29.2%	30.1%	34.2%	37.1%
Upwork	\$14.53	63.6%	\$1,683.3	2.0x	1.8x	7.0x	5.8x	7.1%	13.8%	28.7%	30.5%	35.8%	44.3%
ZipRecruiter	\$1.86	22.8%	\$308.2	0.7x	0.6x	6.5x	5.0x	4.5%	9.4%	10.1%	11.9%	14.6%	21.4%
Fiverr	\$14.43	40.8%	\$284.2	0.6x	0.6x	2.5x	2.2x	5.6%	7.8%	24.4%	26.1%	30.0%	33.9%
DHI Group	\$2.38	71.3%	\$161.2	1.4x	1.3x	5.4x	5.1x	NA	2.0%	25.0%	25.8%	25.0%	27.8%
Mean				2.2x	2.0x	7.9x	6.9x	7.6%	8.3%	26.1%	27.5%	32.7%	35.8%
Median				2.0x	1.8x	7.0x	5.8x	6.3%	7.8%	25.0%	26.1%	30.0%	33.9%
Diversified HCM													
Oracle Corporation	\$157.15	45.5%	\$572,008.4	7.6x	5.5x	14.3x	10.6x	23.6%	38.2%	52.9%	51.7%	76.4%	89.9%
Intuit Inc.	\$200.52	59.6%	\$232,088.8	5.8x	5.1x	14.8x	12.8x	8.7%	13.1%	38.9%	39.8%	47.6%	52.9%
The Sage Group PLC	\$399.63	49.1%	\$120,426.9	5.4x	4.8x	13.0x	11.6x	11.5%	12.0%	41.7%	41.7%	53.2%	53.7%
SAP	\$11.08	60.8%	\$11,912.7	3.1x	2.9x	12.0x	10.4x	12.5%	9.5%	26.2%	27.7%	38.7%	37.2%
Mean				5.5x	4.6x	13.5x	11.3x	14.1%	18.2%	39.9%	40.2%	54.0%	58.4%
Median				5.6x	5.0x	13.6x	11.1x	12.0%	12.5%	40.3%	40.7%	50.4%	53.3%
Global Mean				3.2x	2.8x	9.7x	8.4x	9.9%	10.6%	29.6%	30.7%	39.1%	41.3%
Global Median				2.8x	2.6x	9.5x	8.5x	8.7%	9.5%	28.9%	30.0%	36.9%	39.1%

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 11, 2026.

Notes: "NM" is defined as multiple >50x or <0x. Figures are in millions except for share price.

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

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