

Q3 2022

HR Technology Sector M&A Review



## Introduction

As we near the end of another exciting and prosperous quarter for the HR technology industry, we identify leading HRTech trends and M&A transactions, which have dominated the sector in Q3 2022.

Digital transformations, economic uncertainty and political tension have led to much disruption and change. HR leaders are navigating change and mitigating the impact change may have on employee wellbeing and productivity levels. As such, they are considering new approaches to recruitment, onboarding, and other internal HR processes, such as the automation of dubious administrative tasks.

The third quarter of 2022 has also seen a new demand for predictive and workforce analytics-enabled tools to increase market growth and focus on reskilling and upskilling employees, to address the skills gap. Digital onboarding and employee development, recognition, and retention tools are now seen as 'must-haves' in the corporate world. While HR leaders continue to prioritise change management, employee experience, recruiting and the future of work, with the help of workforce analytics-enabled tools.

Further to this, there has also been a significant drive to automate simple administrative tasks to improve efficiency in the workplace and allow HR managers to focus on what they do best; seeking new opportunities to train and mentor employees, improve staff morale and reduce staff turnover rates.



Workforce planning — anticipating future talent needs — is at the epicenter of a future of work strategy and is a top priority for HR leaders.



## Background screens to expand and manage the workforce

Background screens are growing in importance as they facilitate the confidence businesses have in the people they employ.

Over 70% of businesses recognise the potential of social media behaviour to impact negatively on both their culture and reputation. In response to this, 58% state they regularly monitor employees' social media activity, and 64% have a specific social media policy to provide guidelines on how employees and associates should behave on these platforms.

The use of blockchain technology is the next step in the evolution of background screening. It registers the qualifications of the candidates and maintains a comprehensive database to enhance the accuracy of verification for recruitment agencies and employers.

Integrating an ATS with a background screening provider can streamline the process. This expedites the time-to-hire, increases efficiency in onboarding and boosts overall candidate engagement.

Acquisitions in this vertical include that of UK-based Vero Screening, by Accurate Background, and Miratech's takeover of US-based AssureHire, an emerging leader in tech-enabled background screening.

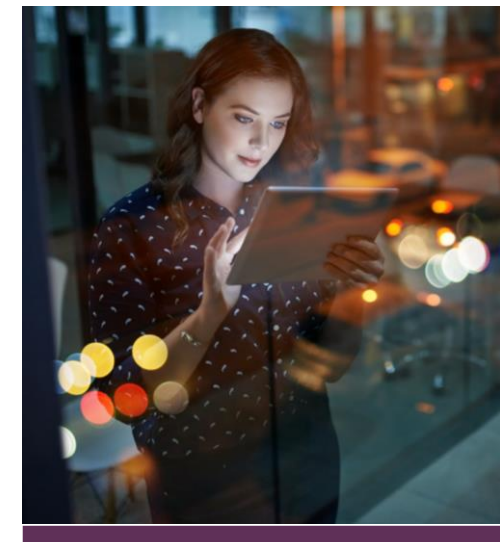
## Career management is taking center stage

Progressive organisations are investing in tools like internal networking opportunities and career management support – job shadowing and formal or informal discussions around career goals and aspirations – that provide more personal insight into aspects of various roles and career paths. These investments can boost employees' confidence in their careers at their current organisation by 31%.

HR leaders are starting to help employees think more broadly than their current roles, so they understand how the organisation can support personal and professional career goals. This objective career reflection ensures employees use accurate information as their filter instead of assumptions.

Many employers now recognise that flexibility is better for staff and companies alike. Lateral moves can enable employees to acquire new skills, move to a lower level to prepare for retirement or achieve a greater work-life balance. A circular progression can include all these stages at various points in a single career.

Acquisitions in this vertical include that of UK based by Careercake by SocialTalent and US-based JobReady, a workforce development platform delivering relevant career pathways by LearningMate Solutions.



As 40% of workers globally say they could leave their jobs in the next three to six months, and spiralling energy costs take their toll on businesses' bottom lines, implementing and refining a workforce career management strategy will be crucial to retaining and developing the talent needed to achieve sustained success.

## Investing in a diverse workforce for the long run

HR leaders recognise how DE&I continues to be an essential component of an evolving workforce, as pointed out in our Q1 2022 report.

Poor career websites, particularly the drop-off between viewing a career site and applying, are a diversity issue. A well-publicised study at Hewlett-Packard, written up in Harvard Business Review and elsewhere, found that women are more likely than men to opt out of applying for a job if they do not meet all the qualifications listed in the role description.

To improve diversity, rather than focusing on a specific role companies can invite all job seekers to upload their resume, CV, or bio via their career site. Matching algorithms are then employed to encourage the candidate to apply for specific roles where there is a sufficiently high fit without listing qualifications that might cause the candidate to drop out of the application process. This approach has boosted application rates dramatically among companies adopting it and providing a foundation for more significant diversity hiring.

Recent deals in this space include the management buyout of Kindred and Joonko raising \$25m through a Series B venture deal led by Insight Partners.



“95% of managers report they are unhappy with traditional performance reviews. 51% of employees believe that annual reviews are inaccurate, and 53% say it does not motivate them.”

## The shift to continuous feedback

Competition for top talent has always been fierce, but it's more intense than ever for many employers. If organisations want to stay competitive, they need to make data-driven decisions to optimise their employees' performance, motivation, and development.

In this fast-paced world where people are involved in multiple projects throughout the year, it has become even more critical that managers support, assess and document their teams' performance in real time. As society moves on from the pandemic, organisations will have to continue to adapt and push ineffective performance management practices out of the picture. With younger generations dominating the workforce, the breakdown of hierarchical structures to more agile work structures, and the focus on employee experience, organisations must constantly evolve their performance practices to ensure that their employees are motivated, developing, and productive.

A recent transaction in this space is the acquisition of Ireland based Our Tandem by Beqom, a developer of a performance management platform designed to harness feedback and personal development to deliver results for organisations and individuals.



## M&A Overview

In this report we highlight 39 of the 79 M&A transactions within the HRTech sector completed during the third quarter of 2022. Overall deal volumes have increased since the last quarter by 16% and are marginally higher than in the same period of 2021.

Despite global anxiety over a potential economic recession, the market for HRTech has proven remarkably resilient. Some would argue that the pandemic and more recent economic headwinds have spurred companies to consolidate digital infrastructure as their staff moved remote. Mentoring and coaching solutions have seen new interest from HR leaders looking to provide employees with tech that can contribute to improved leadership development and employee mental wellness.

Talent development was a hot area in M&A, with 38% of identified deals in this space, followed by talent acquisition and workforce management, representing 25% and 23% of the total deal volume, respectively.

Cross-border transactions accounted for 38% of the total, and 81% of deals involved a strategic or PE-backed buyer. The most active geographic for transactions continue to be the US and Europe (mainly the UK), with a notable presence of transactions in Australia.

## Public Companies Overview

Q3 saw an increase in average revenue multiples across our large cap but a decrease in both the mid-cap and small-cap sample of quoted companies. As of 30th September, the average forward revenue multiple was 5.1x for all public companies, and 6.5x for the sub-category of Large Cap companies.

Revenue growth continues to be a critical driver of higher valuations. The companies exhibiting the highest expected revenue growth Paycom (payroll and human capital management provider) and Paylocity (payroll and human capital management provider). Recurring revenue as a proportion of total revenues averaged above 85%.

## HRTech Subsectors



### Compensation and Benefits

HR software relating to the management of employee compensation and benefits administration



### Performance Management

Systems to track, measure and reward employee performance



### Talent Attraction

Tools to help employers recruit new staff and to help prospective employees search for jobs



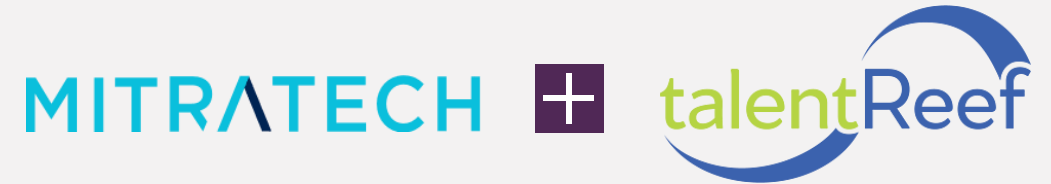
### Talent Development

HR software providing the means to train and develop an effective workforce



### Workforce Management

HR software that facilitates 'everyday' HR work and the management of employees



- Founded in 1997, AssureHire is a developer of an online background screening system designed to complete background checks faster and assuring compliance. The company offers products such as social security number (SSN) trace, national criminal database, driving records, employment verification, consent-based social security verification and federal criminal search, thereby helping companies build safe and productive workplaces.
- By combining AssureHire and Mitratesch's award-winning compliance solution, Tracker I-9, the hiring process is integrated from their initial application to the first day of a candidate's work. This combination will provide a more unified and seamless experience for job candidates that will allow them to move through onboarding faster, and with less drop-off.
- All of Mitratesch's technologies have been vetted and selected for their unique, market leading capabilities based on where customers need them the most. With aTracker I-9 solution along with AssureHire's expertise, customers will be able to easily and accurately verify and hire new candidates in this really challenging market.

- Based out of the US, TalentReef is an operator of cloud-based recruiting and talent management software platform intended for hourly and decentralised workers. The company's platform offers candidate sourcing, assessments, background checks, quality benchmarks and compliance, thereby enabling the organisations to optimise recruiting, hiring and employee retention.
- The acquisition follows Mitratesch acquisition of AssureHire, an emerging leader in tech-enabled background screening and verifications. TalentReef will integrate with both Tracker I-9 and AssureHire to provide a seamless and highly compliant onboarding experience for hourly workers.
- Used in over 100,000 locations across the US, TalentReef's solution provides robust features that hiring managers need to compete in the battle for hourly talent. From a rapid application process to a conversational AI chatbot and two-way text communications, the platform has been built to scale and is configurable based on positional requirements, seasonality, and local market needs.

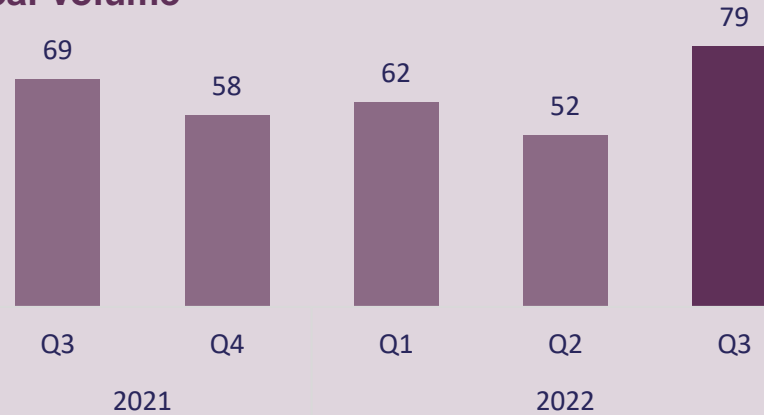
# M&A HIGHLIGHTS Q3 2022

**\$3.0bn**  
Aggregate Deal Value

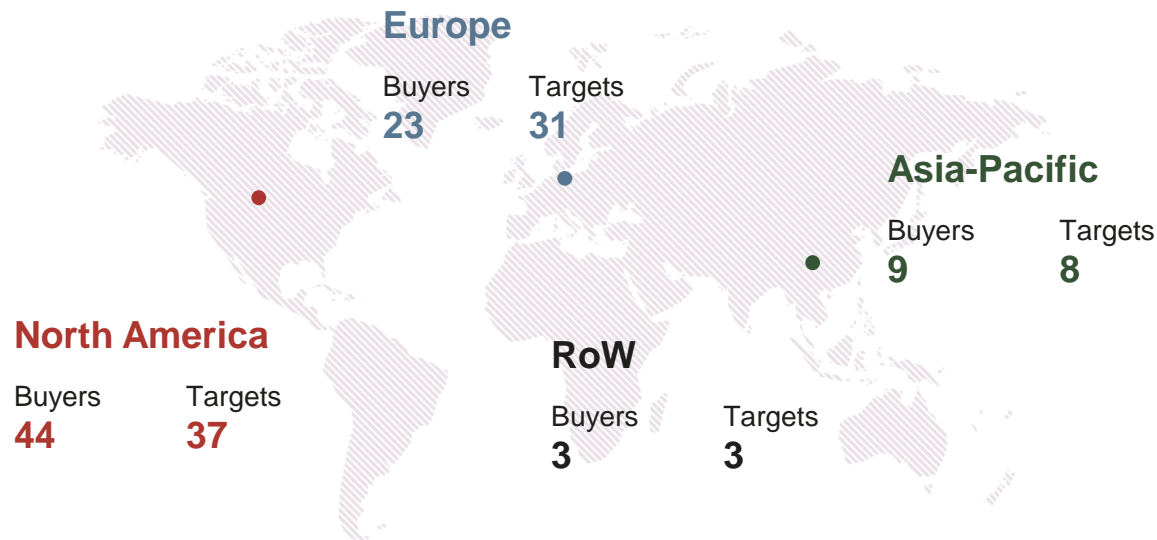
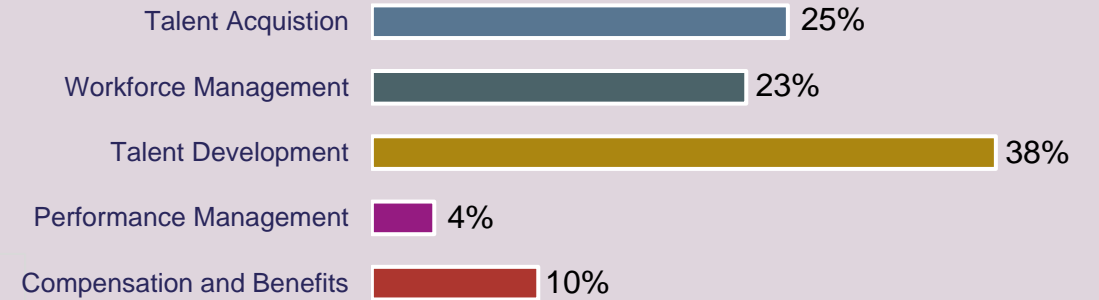
**\$378m**  
Average Deal Size

**2.7x**  
Average Revenue Multiple

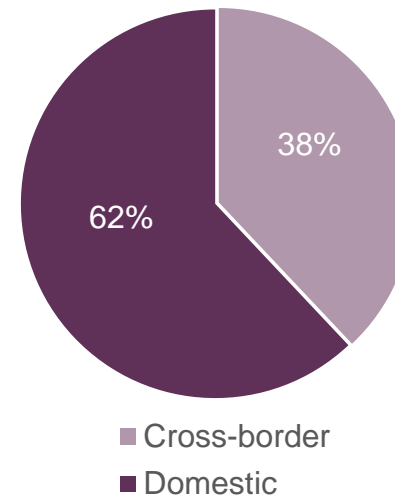
Deal Volume



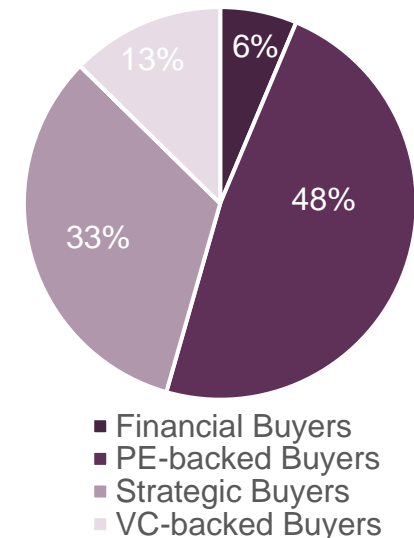
Deals by Subsector



Deals by Type



Deals by Buyer Type





## SELECTED TRANSACTIONS: TALENT ATTRACTION

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Jul-22	Mitratach (US)	AssureHire (US)	An emerging leader in the tech-enabled background screening space.	n/a	n/a	n/a	By combining AssureHire and Mitratach's award-winning compliance solution, Tracker I-9, the hiring process is integrated from their initial application to the first day of a candidate's work. This combination will provide a more unified and seamless experience for job candidates that will allow them to move through onboarding faster, and with less drop-off.
Jul-22	Bullhorn (UK)	SourceBreaker (UK)	Developer of an artificial intelligence-driven search and match platform designed to provide recruiters talent matching solutions for hiring talented people.	n/a	n/a	n/a	The acquisition will further enhance Bullhorn's portfolio of solutions for talent engagement across the entire candidate lifecycle, from sourcing to engagement, onboarding, and redeployment.
Jul-22	Accurate Background (US)	Vero Screening (UK)	Developer of employment screening technology intended to help organisations and employers make the right hiring decisions.	n/a	n/a	n/a	The acquisition continues Accurate's global expansion strategy, deepens its EMEA market footprint and expands its portfolio of compliance-driven and service-focused employment screening solutions.
Aug-22	Mitratach (US)	TalentReef (US)	Operator of a cloud-based recruiting and talent management software platform intended for hourly and decentralised workers.	n/a	n/a	n/a	The acquisition follows Mitratach acquisition of AssureHire, an emerging leader in tech-enabled background screening and verifications. TalentReef will integrate with both Tracker I-9 and AssureHire to provide a seamless and highly compliant onboarding experience for hourly workers.





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Aug-22	Jobvite (US)	Lever (US)	Developer of recruitment software designed for talent acquisition leaders, hiring managers and executives.	n/a	n/a	n/a	With this transaction, Jobvite extends its product portfolio designed to meet the unique recruiting and talent acquisition needs of organisations of any size.
Aug-22	Upskls (US)	Work Simplr (UK)	Provider of an on-demand workforce platform intended to help companies get their work done quickly and easily.	n/a	n/a	n/a	The combined company will deliver the world's first on-demand work platform to meet the needs of organisations, large and small, to get repetitive mission-critical work done quickly, affordably, accurately – and on demand.
Aug-22	Harver (Netherlands)	Pymetrics (US)	Designer and developer of a marketing recruitment platform that offers to discover, recruit, and activate digital partners.	n/a	n/a	n/a	The acquisition of Pymetrics adds a behavioural-based AI methodology to Harver's comprehensive set of existing talent assessments, providing organisations with a wider breadth and depth of predictive talent decisioning products for professional and hourly roles.
Aug-22	Silverback United (US)	Headstart (UK)	Developer of a job matching platform designed to transform the way organisations hire.	14.0	n/a	n/a	The acquisition is part of Silverback's strategy to build highly valuable, vertically specific data companies that can leverage Silverback's DICE data valuation engine's proprietary technology and data valuation capabilities.
Aug-22	AD1 (Australia)	Scout Talent (Australia)	Operator of a recruitment company intended to get the right talent onboard the client organisations.	45.2	n/a	n/a	As a growing number of organisations digitise and streamline their recruitment process, Scout's complimentary technology is transformative for AD1, further strengthening the offering by providing instant scale and significant opportunities with the ability to up-sell and cross-sell existing products to new and existing customers and markets.



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Sep-22	Calendly (US)	Prelude (US)	Developer of interview scheduling software designed to find fast, simple and accurate interview panels.	n/a	n/a	n/a	This acquisition accelerates the vision to holistically solve external scheduling challenges for individuals and teams in companies of all sizes, from SMB to enterprise.
Sep-22	Tenhill (Germany)	jacando (Switzerland)	Developer of an HR cloud platform intended to automate recruitment and talent management.	n/a	n/a	n/a	This acquisition expands Tenhill's offering award-winning solutions for online recruiting: high-reach online job markets in Germany and Austria as well as SaaS portal solutions for operating job exchanges.
Sep-22	Revelo (US)	Listopro (Mexico)	Operator of a talent marketplace focused on job-seekers in the technology sector.	n/a	n/a	n/a	The acquisition of Listopro adds another 50,000 vetted tech professionals to the network, making it 300,000 strong, the largest to hire talent in US time zones.
Sep-22	CV-Library (UK)	Brilliant Jobs (UK)	Operator of a digital platform intended to provide human resource service. The company uses the latest AI and programmatic technology to connect candidates with employers.	n/a	n/a	n/a	The move is part of the CV-Library Group's wider plans to deliver a global programmatic job advertising solution across its existing and new territories. Whilst CV-Library in the UK continues to invest and deliver traditional job posting products, it will offer clients and partners the option to buy, advertise and optimise their job adverts based on performance.



## SELECTED TRANSACTIONS: TALENT DEVELOPMENT

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Jul-22	SocialTalent (Ireland)	Careercake (Australia)	Developer of an online career guidance platform intended to give people the confidence to take on their careers.	n/a	n/a	n/a	Acquiring Careercake's award-winning video content made complete sense as SocialTalent scale and accelerate the launch of new solutions. Careercake content is central to SocialTalent's latest solutions for onboarding and internal mobility, which are launching very soon.
Jul-22	Advanced Computer Software Group (UK)	Pellcomp (UK)	Provider of a market leading Case Management System (CMS) and Learning Management System (LMS) to 500 UK training and employability providers.	n/a	n/a	n/a	This acquisition will enable Advanced Education to offer a full 360-degree learning and skills platform giving employers, colleges and private training providers an intuitive learning and skills management solution.
Jul-22	AcadeMedia (Sweden)	Changemaker Educations (Sweden)	Provider of up-skilling and re-skilling opportunities in the creative and digital industries.	5.7	5.1	1.1	The acquisition of Changemaker Educations AB is part AcadeMedia's strategy to form strategic alliances with several game education providers, in Sweden as well as abroad. Through the partnership with AcadeMedia, Changemaker Educations will get the opportunity to take a leading position also on the international games' education arena.
Jul-22	Go1 (Australia)	Talivest (Ireland)	A rapidly growing people analytics SaaS company, specialising in employee engagement through innovative technology solutions.	n/a	n/a	n/a	The combination of Talivest's employee experience knowledge with Go1's expertise in corporate learning will help millions of learners across the world to feel more empowered and engaged with their jobs every day.
May-22	Huntress (UK)	Curricula (US)	Provider of cybersecurity awareness training and phishing simulation platform intended to train enterprise employees.	22.0	n/a	n/a	With the acquisition, Huntress will grow its Managed Security Platform—delivered through an interactive eLearning experience that empowers employees to become their own line of defence in the fight against attackers.



## SELECTED TRANSACTIONS: TALENT DEVELOPMENT

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Aug-22	Management (US)	Kindred (US)	Operator of a leadership development platform intended for purpose-driven leaders committed to advancing ESG & DEI.	n/a	n/a	n/a	The acquisition signals a new era of professional development centered around human-first management and navigating today's most relevant topics for business leaders.
Aug-22	Francisco Partners (US)	SAP Litmos (US)	Developer of SaaS-based learning management platform focused on delivering transformative training to employees, customers and partners.	n/a	n/a	n/a	Francisco Partners will be able to provide Litmos the necessary investment, focus and experience to continue to realise its ongoing growth. As an independent company partnering with FP, Litmos will have more flexibility to focus its investments and operations on customer success and increase its customer happiness by augmenting platform capabilities, proprietary content library and third-party integrations.
Sep-22	Telus (Canada)	LifeWorks (Canada)	LifeWorks Inc is engaged in delivering technology-enabled solutions that help clients support the total wellbeing of their people and build organisational resiliency.	2,240.0	521.0	4.3	The combination of TELUS Health and LifeWorks represents an unmatched opportunity to create a leader in employer-focused primary and preventative digital healthcare and wellness solutions on a global basis.
Sep-22	Totvs (Brazil)	Feedz (Brazil)	SaaS platform that enables organisations to measure, analyse and, above all, improve employees' job satisfaction.	13.2	n/a	n/a	By acquiring Feedz, Totvs expands its solutions focused on HXM, strengthening its portfolio in the human resources area, and positioning itself as one of the main technology companies to offer a platform that meets the customers' needs in a digital and unified way in the entire employee journey.
Sep-22	Advanced Human Imaging (Australia)	WellQ Digital Health (Canada)	Provider of corporate wellness solutions developed to provide data-driven personalised health and wellness coaching to engage its users in healthier behaviours.	n/a	n/a	n/a	The combination of AHI's proprietary suite delivers a unique risk assessment tool empowering users to check, track and action better health outcomes.





## SELECTED TRANSACTIONS: TALENT DEVELOPMENT

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Sep-22	ITA Group (US)	NKD Learning (UK)	Provider of employee engagement, performance management, learning development, and customer service intended to align and engage employees, to supercharge business performance.	n/a	n/a	n/a	With the addition of NKD to the ITA Group family of companies, leading global brands can strategically embed custom learning and development initiatives into their employee, channel partner and customer engagement programs to drive increased engagement and performance.
Sep-22	MYOB Technology (Australia)	Flare (Australia)	Developer of a cloud-based human resource platform designed to transform employee engagement and create purpose in the workplace.	n/a	n/a	n/a	The acquisition by MYOB will fast track Flare's ambition to be Australia's most comprehensive and innovative workplace financial services and benefits solution, accessible to any employer in Australia.



# SELECTED TRANSACTIONS: WORKFORCE MANAGEMENT SOLUTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Jul-22	Cegid (France)	Notilus (France)	Provider of a mobility management software intended to support companies in managing the business travel of their employees.	n/a	n/a	n/a	With this acquisition and the incorporation of the Notilus offerings, Cegid aims to expand its addressable market by adding one of the leading solutions on the T&E market to its product portfolio. It also hopes to boost the development of Notilus and its SaaS sales by leveraging its expertise and know-how in the field, both in France and on the international market.
Jul-22	Sabio (UK)	PeopleMatter (UK)	Helps organisations measure and improve mental wellbeing in the workplace by analysing subjective data captured via an app that provides insight on emotions and feelings experienced at work, as well as capturing digital information from the workplace environment itself.	n/a	n/a	n/a	The acquisition adds data-led and science-based insights to Sabio's agent wellbeing proposition, boosting its focus on improving mental health in the contact center.
Aug-22	Envoy (US)	Office Together (US)	Developer of an office reservation and scheduling software designed to schedule teams and manage capacity for hybrid offices.	n/a	n/a	n/a	With the expertise of OfficeTogether, Envoy will focus on accelerating innovation in the workspace and helping companies build spaces that are collaborative, productive, and loved by employees.
Aug-22	EMS Management and Consultants (US)	VAIRKKO Technologies (US)	Developer of workforce and operations management software designed for businesses of all types and sizes to improve productivity and efficiency.	n/a	n/a	n/a	With this added investment from EMS MC, VAIRKKO will be able to further accelerate its innovation track record in addressing key areas of the human resource challenges facing organisations today, which tie directly to the ability to effectively service their communities in addition to maximising reimbursement.
Sep-22	Sympa (Finland)	kiwiHR (Germany)	Developer human resource management software designed to reduce manual tasks.	n/a	n/a	n/a	The teams will work closely together, aiming to benefit by sharing kiwiHR's ability to serve the small and medium-sized enterprise (SME) sector, Sympa's advanced end-to-end core HR solution, Recruitee's global presence and Javelo's extensive experience in performance management.



## SELECTED TRANSACTIONS: WORKFORCE MANAGEMENT SOLUTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Sep-22	Envoy (US)	Worksphere (US)	Developer of a workplace management platform designed to manage a hybrid workplace where employees work from the office and from home.	n/a	n/a	n/a	The Worksphere team will be key in ability to scale thoughtful design to highly-complex enterprises and bring industry-leading reliability and customisability to every product built.
Sep-22	The Access Group (UK)	Rotaready (UK)	Developer of staff management software designed to build intelligent rota schedules.	n/a	n/a	n/a	This investment in best-in-class technology reflects Access Hospitality's role as one of the leading providers of software solutions for the hospitality and leisure sector.
Sep-22	Humanforce (Australia)	Ento (Australia)	Developer of cloud-based workforce management software designed for SMBs across retail, hospitality, and health industries.	n/a	n/a	n/a	The acquisition represents a significant step in Humanforce's growth journey and will strengthen and scale its market leadership position with frontline, roster-driven, shift-based workforces in the mid-market and enterprise segments, across a wide range of industry verticals.



## SELECTED TRANSACTIONS: COMPENSATION AND BENEFITS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Jul-22	SD Worx (Belgium)	HRPro (Croatia)	An integrated, flexible, fully featured Payroll and Human Resources Management System (HRMS).	3.5	n/a	n/a	With this acquisition, SD Worx expands its local presence to 18 European countries and enters Southeastern Europe, where it sees a lot of growth potential.
Jul-22	KarbonPay (US)	Air HR (UK)	Developer of cloud-based workforce management software designed for SMBs across retail, hospitality, and health industries.	n/a	n/a	n/a	Air's all-in-one HR platform will be rolled out to KarbonPay's global customer base – expanding the value to all customers. This highlights KarbonPay's efforts to solidify its position in the global HR marketplace. The acquisition will also enrich the solution available to Air's existing customers by making KarbonPay's award-winning payroll solution available in a seamlessly integrated way.
Aug-22	J.P. Morgan (US)	Global Shares (Ireland)	Operator of an equity compensation management platform intended for businesses of all sizes.	676.5	n/a	n/a	With the addition of Global Shares, J.P. Morgan becomes an industry-leading provider of innovative employee ownership solutions to private and public companies globally. Companies and employees will benefit from Global Shares' share plan services, as well as J.P. Morgan's comprehensive suite of services.
Sep-22	Bow River Capital Partners (US)	HRSoft (US)	A compensation management software company.	n/a	n/a	n/a	Through detailed market research and due diligence, Bow River Capital developed strong conviction supporting the company's mission to optimise the way employers, employees, the extended workforce, and ERP partners align on full compensation lifecycle planning, execution, and compliance.





# SELECTED TRANSACTIONS: PERFORMANCE MANAGEMENT

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Jul-22	SpendHQ (US)	Per Augusta (France)	Developer of procurement performance management software designed to enhance the performance of procurement teams.	n/a	n/a	n/a	This union creates the most advanced platform to drive procurement operations excellence, on a global scale. The combined organisation is revolutionising the procurement technology landscape by providing the first of its kind platform – a closed-loop procurement system.
Jul-22	Alvaria (US)	Cicero (US)	Provider of desktop activity intelligence and improvement software that helps organisations isolate issues and automates employee tasks in the contact center and back office.	n/a	n/a	n/a	The addition of this capability will accelerate how customers understand consumer and employee behaviour to build better workflows with a simpler approach to complex problems with attended robotic process automation (RPA) and desktop analytics.
Aug-22	Beqom (Switzerland)	Our Tandem (Ireland)	Developer of a performance management platform designed to harness feedback and personal development to deliver results for organisations and individuals.	n/a	n/a	n/a	The combination of Beqom and Our Tandem provides a continuous performance and rewards solution that offers personalised rewards aligned to real-time performance data and feedback, skills, behaviour, and goals along the employee touchpoints, giving employees a feeling of purpose and engagement.

# PUBLIC COMPS HIGHLIGHTS Q3 2022

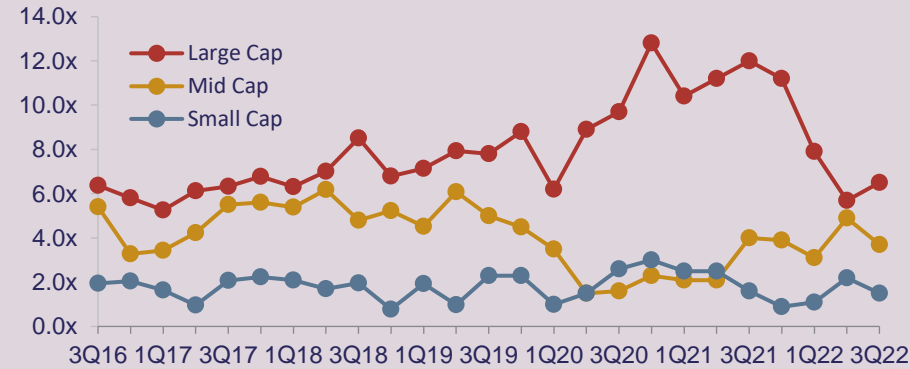
**5.1x**  
Avg. EV/Revenue CY2022E

**26%**  
Avg. Revenue Growth CY2021

**87%**  
% Recurring Revenue

## Historic Revenue Multiples

### EV/Revenue



### Large Cap

**6.5x** Avg. EV/Revenue      **24%** Avg. Revenue Growth      **85.6%** % Recurring Revenue

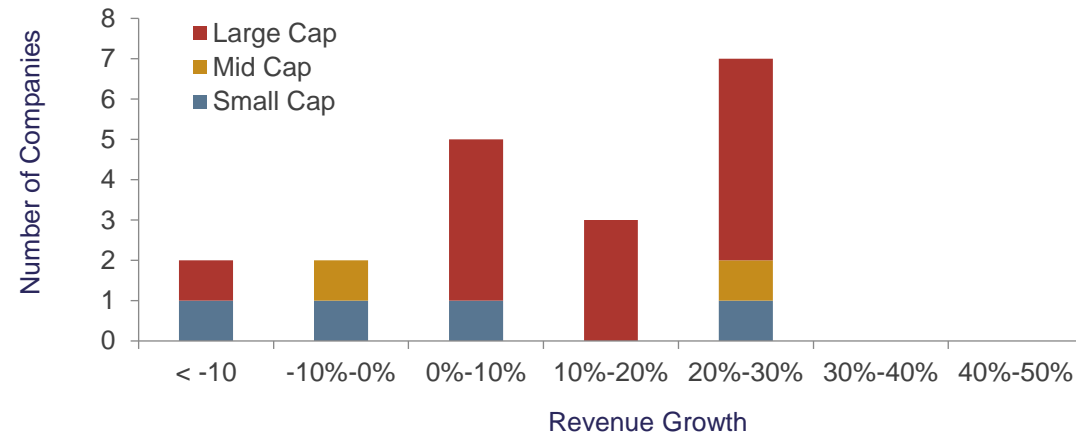
### Mid Cap

**3.7x** Avg. EV/Revenue      **45%** Avg. Revenue Growth      **88.4%** % Recurring Revenue

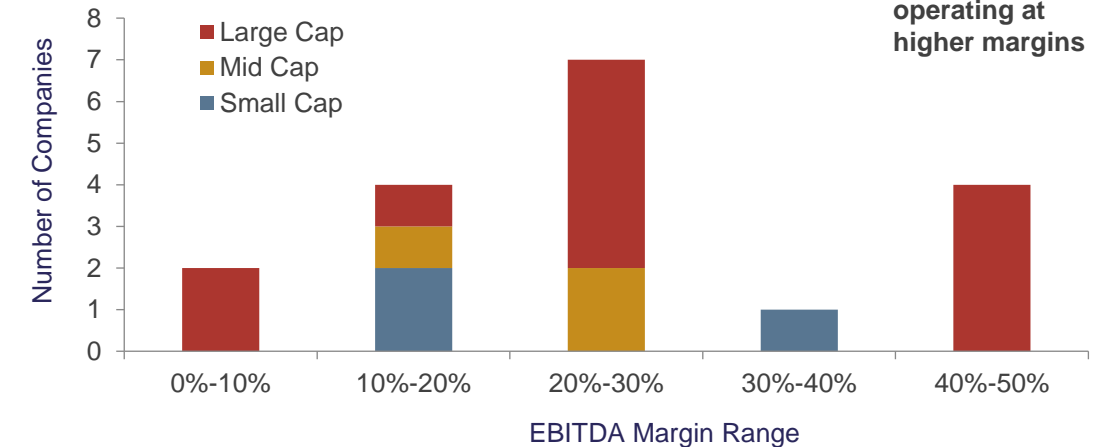
### Small Cap

**1.5x** Avg. EV/Revenue      **20%** Avg. Revenue Growth      **90.5%** % Recurring Revenue

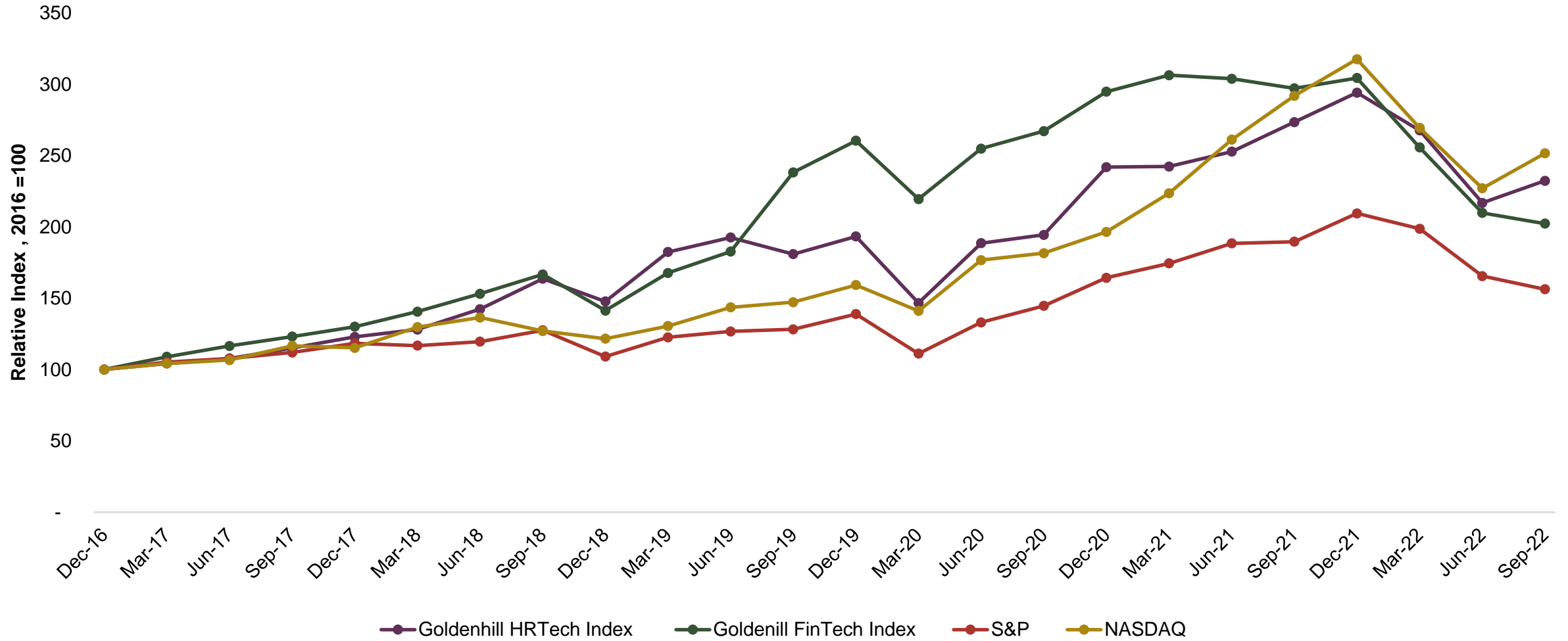
## Revenue Growth Distribution



## EBITDA Margin Distribution



# GOLDENHILL HRTECH INDEX

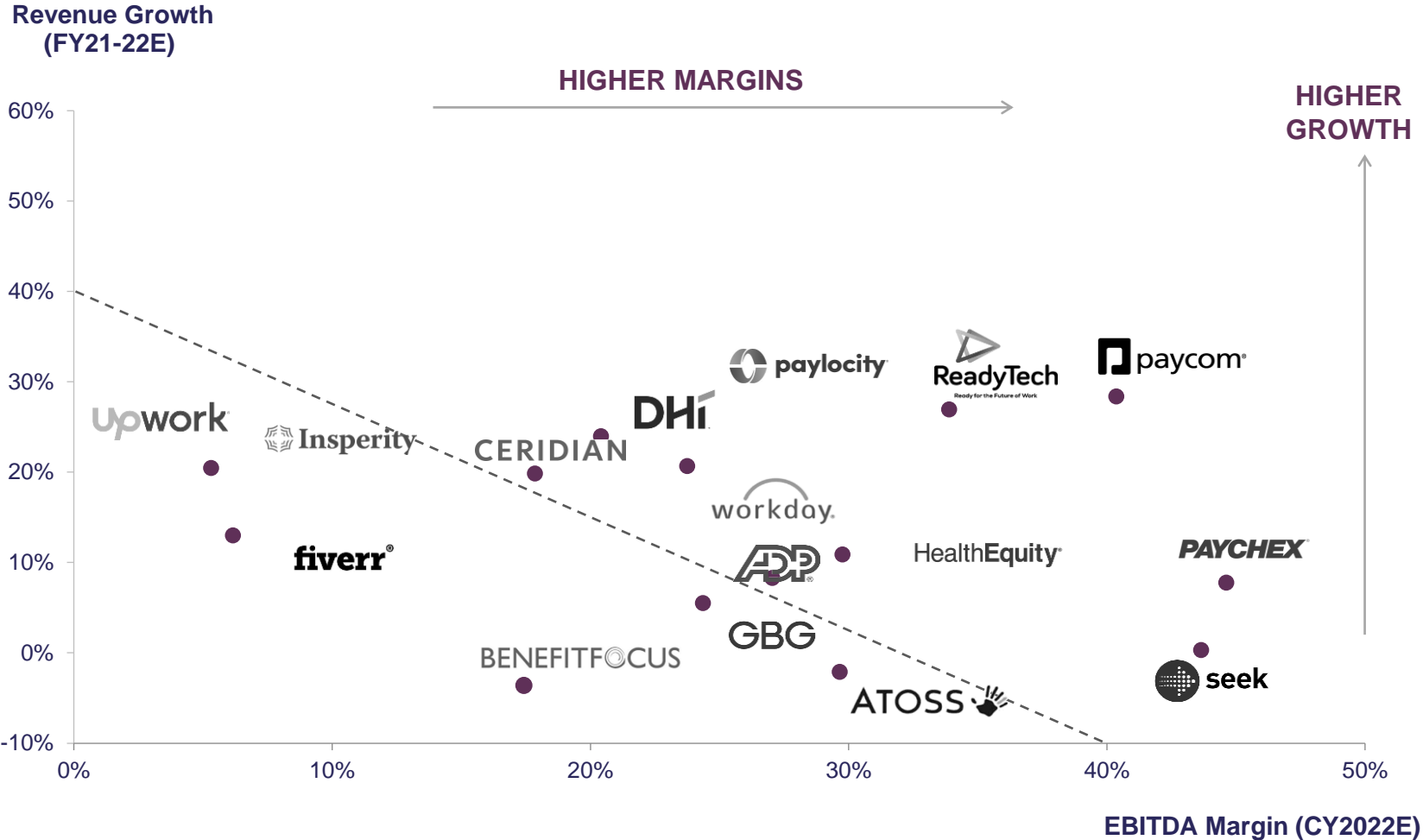


# PERFORMANCE QUADRANTS

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The Rule of 40 is a recognised measure of health for SaaS companies, which states that Revenue Growth % and EBITDA Margin (profitability) should ideally add up to roughly 40%.

**||**

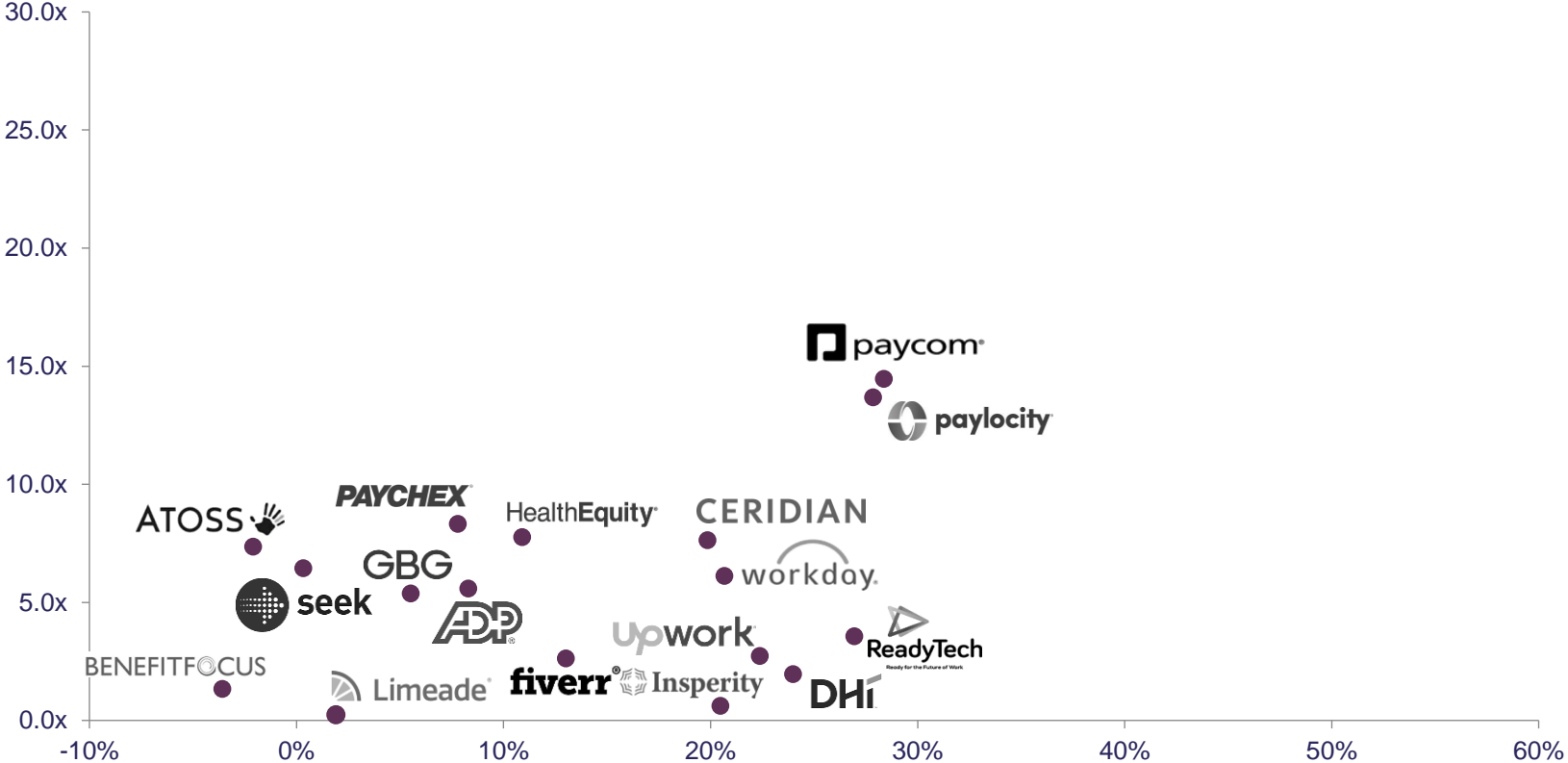




# REVENUE GROWTH AS A VALUE DRIVER

Revenue growth continues to be one of the most important drivers for higher valuations. The companies exhibiting the highest expected revenue growth this year are Paycom (online payroll and hr technology provider), Paylocity (hr and payroll provider) and ReadyTech (people management software provider).

EV/Revenue (CY22E)



Revenue Growth (FY21-22E)

# SECTOR VALUATION METRICS

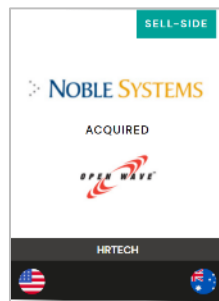
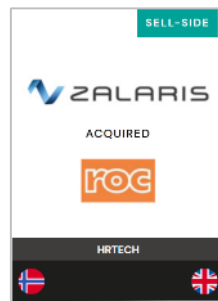
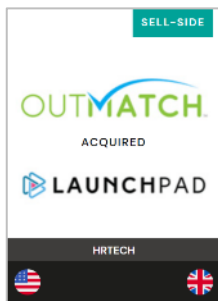
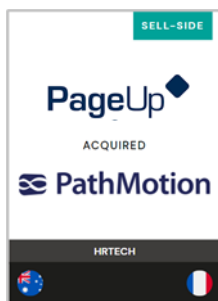
Company	Ticker	Share Price 30-Sep-22	Market Cap (\$m) <sup>(1)</sup>	Net Debt (\$m) <sup>(2)</sup>	Enterprise Value (\$m)	Revenue		EV/Revenue		EV/Revs		EV/EBITDA		Revenue Growth		EBITDA Margin		% Revs	
						CY22E (\$m)		CY2021	CY2022E	Recurring		CY2021	CY2022E	CY2021	CY2022E	CY2021	CY2022E	Recurring <sup>(3)</sup>	
<b>Selected Large Cap</b>																			
ADP	ADP US Equity	226.2	93,935	2,106	96,041	17,183		6.1x	5.6x	5.6x	22.7x	20.7x	9.9%	8.3%	26.8%	27.0%	100%		
Paychex	PAYX US Equity	112.2	40,441	(318)	40,123	4,821		9.2x	8.3x	8.4x	21.2x	18.7x	13.7%	7.8%	43.2%	44.6%	99%		
Workday	WDAY US Equity	152.2	38,968	(1,547)	37,422	6,113		7.4x	6.1x	6.9x	NM	25.8x	19.0%	20.7%	6.0%	23.8%	89%		
Paycom	PAYC US Equity	3.3	19,808	(218)	19,590	1,355		18.6x	14.5x	14.7x	58.9x	35.8x	25.4%	28.4%	31.5%	40.4%	98%		
Paylocity	PCTY US Equity	241.6	13,354	(62)	13,292	971		17.9x	13.7x	13.8x	NM	58.0x	34.1%	27.9%	17.0%	23.6%	99%		
Ceridian HCM	CDAY US Equity	55.9	8,553	811	9,364	1,228		9.1x	7.6x	9.2x	NM	42.7x	21.6%	19.8%	4.5%	17.9%	83%		
Healthequity	HQY US Equity	67.2	5,678	783	6,461	832		8.6x	7.8x	7.8x	50.1x	26.1x	3.1%	10.9%	17.1%	29.8%	100%		
Trinet	TNET US Equity	71.2	4,424	(200)	4,224	1,323		0.9x	3.2x	3.8x	7.7x	7.5x	12.5%	-70.9%	12.1%	42.8%	85%		
SEEK Ltd	SEK AU Equity	19.2	4,372	858	5,231	811		7.6x	6.4x	8.7x	17.4x	14.8x	42.6%	0.3%	43.6%	43.7%	74%		
Insperty	NSP US Equity	1.0	3,882	(155)	3,727	5,991		0.7x	0.6x	0.8x	16.3x	11.7x	16.0%	20.5%	4.6%	5.3%	82%		
Upwork	UPWK UW Equity	13.6	1,778	(100)	1,677	615		3.3x	2.7x	3.2x	NM	NM	34.6%	22.4%	-7.6%	-1.9%	84%		
GB Grp	GBG LN Equity	6.1	1,710	144	1,853	345		5.8x	5.4x	11.6x	26.0x	22.1x	16.4%	5.5%	22.3%	24.4%	46%		
Fiverr	FVRR US Equity	30.6	1,136	(253)	883	336		3.0x	2.6x	3.6x	NM	42.6x	57.1%	13.0%	-13.2%	6.2%	73%		
<b>Average</b>								7.5x	6.5x		27.5x	27.2x	24%	9%	16.0%	25.2%	85.6%		
<b>Total (Large Cap)</b>			238,039	1,849	239,888														
<b>Selected Mid Cap</b>																			
Learning Tech	LTG LN Equity	1.0	920	221	1,141	623		3.2x	1.8x	1.9x	17.7x	9.3x	109.1%	75.5%	18.2%	19.6%	97%		
Atoss	AOF GR Equity	111.4	867	(41)	826	112		7.2x	7.4x	10.8x	22.3x	24.8x	16.9%	-2.1%	32.3%	29.7%	68%		
DHI Group	DHX US Equity	5.4	261	31	291	149		2.4x	2.0x	2.0x	17.0x	9.6x	7.9%	24.0%	14.3%	20.4%	100%		
<b>Average</b>								4.3x	3.7x		19.0x	14.6x	45%	32%	21.6%	23.2%	88.4%		
<b>Total (Mid Cap)</b>			2,049	211	2,259														
<b>Selected Small Cap</b>																			
Benefitfocus	BNFT US Equity	6.4	217	122	340	254		1.3x	1.3x	1.6x	16.9x	7.7x	-1.9%	-3.6%	7.6%	17.4%	86%		
ReadyTech	RDY AU Equity	2.9	210	19	229	64		4.9x	3.6x	4.2x	15.1x	10.5x	52.0%	26.9%	32.3%	33.9%	84%		
Freelancer	FLN AU Equity	0.3	82	(6)	75	NA		1.7x	NA	NA	21.8x	NA	6.3%	NA	8.0%	NA	NA		
PayGroup	PYG AU Equity	1.0	77	(18)	58	NA		3.4x	NA	NA	55.6x	NA	72.6%	NA	6.0%	NA	95%		
Limeade	LME AU Equity	0.0	25	(11)	14	56		0.3x	0.2x	0.2x	NM	NM	-2.5%	1.9%	-14.0%	-20.9%	100%		
Dillistone	DSG LN Equity	16.5	4	1	NA	6		0.6x	0.8x	NA	3.2x	5.0x	-5.2%	-18.0%	20.3%	15.5%	88%		
<b>Average</b>								2.0x	1.5x		22.5x	7.7x	20%	2%	10.1%	11.5%	90.5%		
<b>Total (Small Cap)</b>			614	108	717														
<b>Sector Total</b>			240,701	2,167	242,864			5.6x	5.1x	6.2x	24.4x	21.9x	26%	11%	15%	22%	87%		

(1) Excludes treasury shares; (2) Net financial debt minus marketable securities and collaterals; (3) Recurring revenues (renewing licences, maintenance, subscriptions, SaaS etc.) where reported for last full year; (4) NM - Not meaningful and NA - Not available

## Quick Facts

- Sector experts focused on providing advisory services to sellers and buyers in M&A projects across the globe.
- Deep domain expertise across software, services and data intensive sectors, with a focus on FinTech, HRTech and Workforce Solutions.
- Our Partners have advised on 100+ transactions with values ranging from \$15 million to over \$100 million; the majority (70%) of our engagements result in cross-border transactions.
- International presence with offices in London, Milan, San Diego, Luxembourg, and Buenos Aires.
- Proven track record of successful long-term advisory relationships positioning clients for premium transactions using current insights into the relevant strategic acquirers.

## Selected Transactions



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**Kevin O'Neill**  
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