

Q3 2024

HR Technology Sector M&A Review



EXECUTIVE SUMMARY

We are pleased to present our latest quarterly report, offering insights into the dynamic developments within HR Technology throughout the third quarter of 2024. This edition spotlights key trends and M&A activity that have shaped the sector during Q3 2024.

- Rising demand for absence, leave, and attendance management solutions is prompting organizations to invest in integrated platforms that boost productivity, streamline HR processes, and maintain regulatory compliance, with 11 related transactions recorded this quarter.
- As companies strive to enhance hiring quality, the adoption of advanced assessment and background-checking tools is revolutionizing talent acquisition with faster, more accurate candidate evaluations.
- In Q3 2024, the HRTech sector saw a total of 101 transactions, marking a slight 6.5% decline from Q2.
- Talent Development emerged as the most active subsector, accounting for 37% of all deals, followed by Talent Attraction with a substantial 25% share and Workforce Management with 19% of the total deal volume.
- Cross-border transactions represented 35% of deals, with domestic deals comprising the remaining 65%. North America led regional buyer activity with 45 buyers, trailed by Europe with 40, while the Asia-Pacific region increased its engagement, contributing 14 buyers and 21 targets, compared to 11 buyers and 13 targets last quarter.
- Our HRTech index saw an increase in Q3 2024, moving in line with the NASDAQ's upward trend and reflecting a renewed alignment with the broader tech market's recovery.



Organizations can now access employee data holistically and make data-driven choices on performance and leaves.

- Business Research Insights



OPTIMIZING EFFICIENCY AND COMPLIANCE WITH ADVANCED ABSENCE AND ATTENDANCE MANAGEMENT

The growing demand for absence, leave, and attendance management solutions is reshaping workforce strategies across industries. Organizations increasingly invest in comprehensive platforms combining scheduling, attendance tracking, and compliance to boost productivity and reduce administrative burdens.

Valued at over \$1 billion in 2023¹, the global absence and leave management software market is projected to reach \$2.3 billion by 2032, growing at a CAGR of 9.5%. This growth is fueled by advancements in cloud-based platforms, automation, and the need for regulatory compliance across diverse sectors.

These platforms have become essential for businesses of all sizes, automating the management of employee absences and leave requests. Employees have gained access to a centralized portal to request leave and check balances, with approvals managed by supervisors. Advanced solutions offer real-time reporting, analytics, and payroll integration, delivering insights into leave trends and enhancing decision-making. Cloud-based applications add flexibility, while AI and ML algorithms analyze historical leave data to uncover trends, detect potential misuse, and recommend optimal leave policies—further streamlining HR processes, reducing workloads and improving efficiency.

In Q3 2024, the HRTech market recorded 11 Absence and Leave Management software transactions, signalling a strong market interest in these technologies. This trend reflects a broader shift towards integrated platforms that handle leave, attendance, payroll, and scheduling—meeting the demand for flexible, compliant, and employee-focused HR solutions. This momentum will likely continue as companies pursue a streamlined approach to workforce management in an increasingly flexible work environment.

Arbor, an educational software provider, recently acquired *Staff Absence Management*, a developer of software for tracking staff absences. *Plus Alpha Consulting*, a consulting firm specializing in HR technology and data utilization solutions, acquired *OM network Co.* a provider of shift and attendance management cloud services specializing in shift management, attendance tracking, automated ordering, and more.

Sources: 1. Business Research Insights





SECURING TOP TALENT WITH STREAMLINED ASSESSMENT AND BACKGROUND SCREENING SOLUTIONS

The demand for advanced assessment and background-checking software is growing as organizations prioritize efficient, compliant hiring processes. These tools play a critical role in talent acquisition by streamlining candidate evaluations and ensuring adherence to legal requirements across jurisdictions.

The assessment software market, valued at \$1.75 billion in 2023¹, is expected to expand significantly, reaching \$7.27 billion by 2030, with a CAGR of 9.1% during the forecast period. Similarly, the background-checking software market is projected to grow from \$2.4 billion in 2020 to \$4.6 billion by 2028², at a CAGR of 8.5%. This growth is driven by the increasing need for reliable and accurate information in both the commercial and private sectors.

These platforms offer features such as candidate assessments, skill evaluations, and comprehensive background checks. By automating these processes, organizations can reduce hiring time, improve hire quality, and ensure compliance with employment regulations. The integration of AI and machine learning in these platforms further enhances accuracy and predictive capabilities, enabling organizations to make informed hiring decisions efficiently. As workforce dynamics evolve, demand for sophisticated assessment and background-checking software is expected to rise, fostering further innovation and growth in this sector.

In Q3 2024, six notable transactions were recorded in the talent attraction subsector for assessment and background-checking platforms. This activity highlights the growing importance of these solutions in modern hiring practices. As companies compete to attract top talent, assessment and background-checking tools are becoming indispensable.

The Access Group, a business management software provider, recently acquired *Onboarded*, specializing in AI-driven background checks, compliance documentation, and customized training modules. *Assessio*, a provider of data-driven recruitment and talent management solutions, acquired *HR Diagnostics*, which offers recruitment-specific assessments and diagnostic tools for data-driven decisions. *Scaleworks*, a venture equity firm, acquired *eSkill*, a platform that enables organizations to create job-specific skill assessments.

Sources: 1. Verified Market Research, 2. Markwide Research

M&A OVERVIEW

This report highlights 39 of the 101 M&A transactions in HRTech for Q3 2024. Total deal volume declined by 6.5% from Q2 2024.

- Aggregate disclosed deal value reached \$2,596.5m in Q3 2024, with an average revenue multiple of 1.7x.
- Talent Development emerged again as the leading subsector, accounting for 37% of all identified deals. Talent Attraction, which led in Q2 at 34%, now represents 25% of deals, still a significant share. Compensation and Benefits saw a notable increase, rising from 11% in Q2 to 17% in Q3, indicating a stronger focus on employee remuneration solutions.
- Cross-border transactions accounted for 35% of deals, with domestic deals making up 65%. North America led with 45 buyers in Q3, up from 43 in Q2, although target activity declined to 33 from 46, respectively. Europe saw decreases in both buyers and targets, with figures reaching 40 and 45, respectively. Meanwhile, the Asia-Pacific region showed increased engagement, with buyers rising from 11 in Q2 to 14 in Q3 and targets climbing from 13 to 21, underscoring its growing influence in the market.
- Strategic buyers accounted for 81% of deals. Financial buyers' share rose notably from 14% in Q2 to 19% in Q3.

PUBLIC COMPANIES OVERVIEW

Q3 2024 showed an increase in average revenue multiples across large-cap, mid-cap, and small-cap companies, with the largest rise observed in mid-cap companies, reaching 3.3x from 2.2x in Q2 2024.

- As of June 30th, the average forward revenue multiple was 4.6x.
- Our HRTech index showed an upward trend from June to September 2024, aligning with the NASDAQ's recovery and indicating a positive shift in the HRTech sector within the broader tech market.
- Revenue growth remains a key driver of higher valuations, with BOSS Zhipin, Healthequity, Atoss, and Workday leading in expected growth this year.
- Recurring revenue as a proportion of total revenue remains strong, averaging 87.8% for large-cap, 83.3% for mid-cap, and 90.5% for small-cap companies. Compared to the previous quarter, large-cap companies saw a slight decrease from 88.7%, while mid-cap companies increased significantly from 75.0%. Small-cap companies held steady with a minor increase from 89.5%, indicating stable recurring revenue levels across all sizes.

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

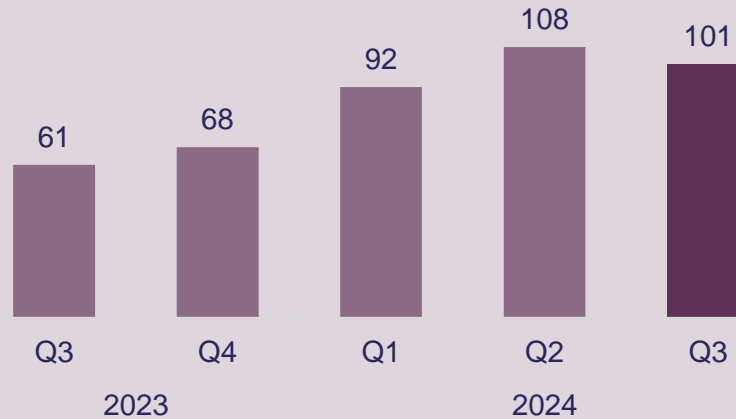
M&A HIGHLIGHTS | Q3 2024

\$2,596.5m
Aggregate Deal Value ⁽¹⁾

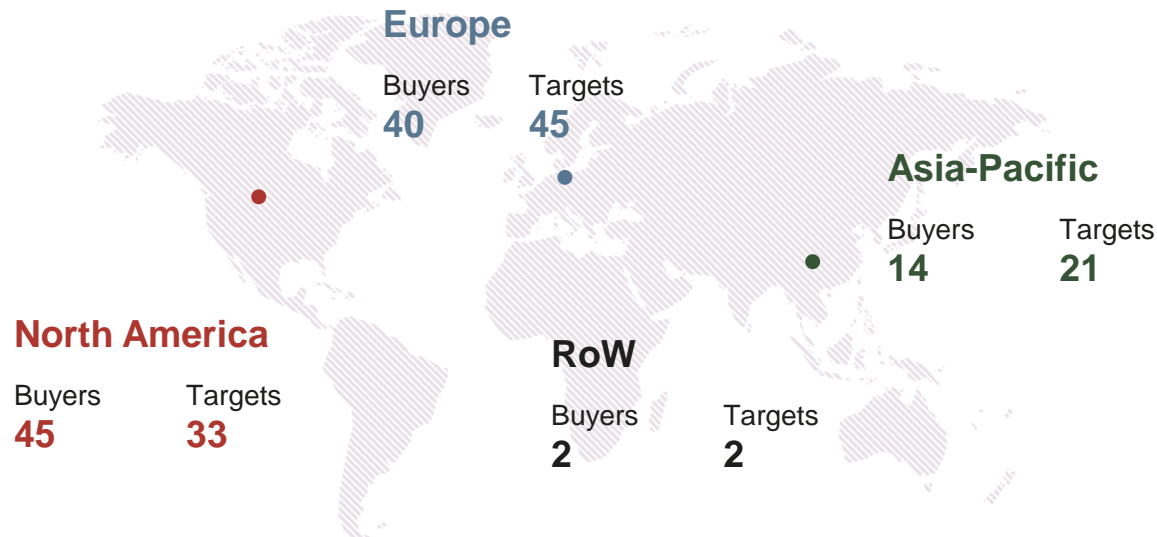
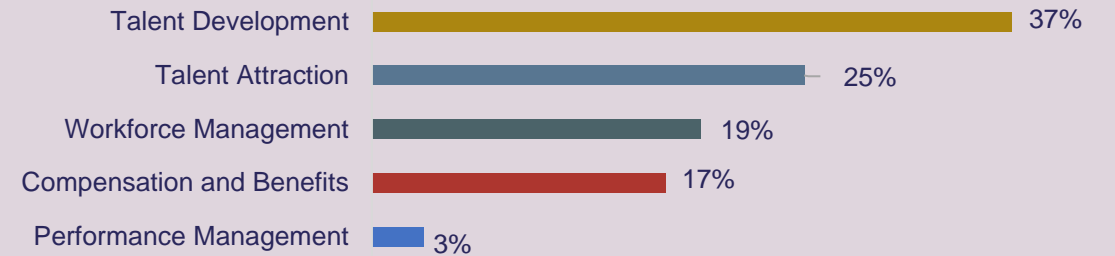
\$324.6m
Average Deal Size ⁽¹⁾

1.7x
Average Revenue Multiple

Deals by Quarter

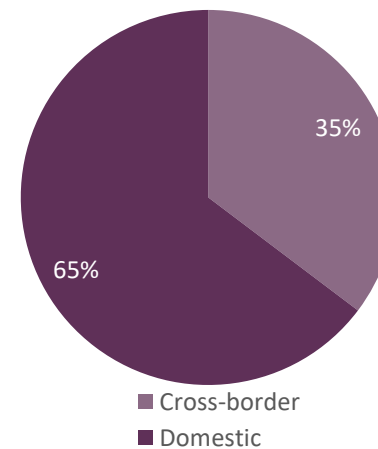


Deals by Subsector

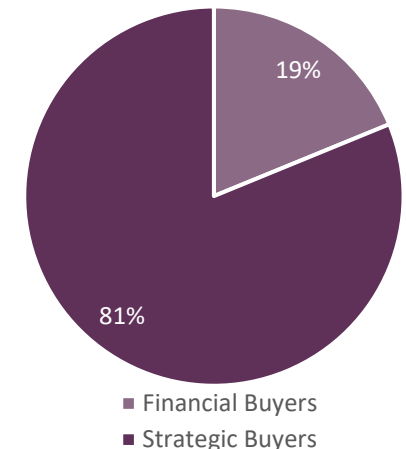


1. Based on those transactions where metrics were disclosed

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-24	Assessio (Sweden)	HR Diagnostics (Germany)	Provider of assessment and human resource diagnostic tools designed to make personal decisions with time-saving technology and scientific methods.	nd	nd	nd	This acquisition strengthens Assessio's leadership position in talent assessment by combining HR Diagnostics' scientifically validated assessment solutions with Assessio's advanced HR tools while enabling geographic expansion.
Jul-24	Phenom (US)	Tydy (US)	Developer of a mobile content communication platform designed to help organizations to manage employee relationships.	nd	nd	nd	The acquisition of Tydy strengthens Phenom's vision to streamline time-to-productivity for employees and create efficient experiences for HR practitioners, seamlessly integrating preboarding and onboarding into a unified solution.
Jul-24	Scaleworks (US)	eSkill (US)	Developer of job-based skills testing software designed to improve hiring decisions and team performance through customizable, online pre-employment assessments.	nd	nd	nd	Scaleworks' investment and partnership will accelerate the company's strategic roadmap, enable product innovation, and enhance go-to-market strategy.
Jul-24	SMRT.bio (Netherlands)	Skillue (Switzerland)	Provider of human capital resource platform designed to support workforce transformation through AI-driven algorithms that enhance recruiting and talent management.	nd	nd	nd	The acquisition of Skillue equips SMRT.BIO with specialized AI and machine learning expertise, strengthening its ability to tackle the jobs and skills imbalance through precise, scalable job-matching solutions.
Aug-24	Payoneer (US)	Skواد (Singapore)	Provider of a tech-enabled platform designed to help organizations build global technology teams, offering access to deeply vetted tech professionals.	61.0	nd	nd	The combination of Payoneer's extensive reach with Skواد's comprehensive global workforce and payroll solutions creates a robust platform, empowering customers to expand their teams and drive growth on a global scale.



SELECTED TRANSACTIONS: TALENT ATTRACTION

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$m)	TARGET REVENUE (\$m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Aug-24	ZipRecruiter (US)	Breakroom (UK)	Operator of an online employment marketplace designed to connect job seekers with businesses, offering job ratings based on pay, hours, flexibility, and work conditions.	nd	nd	nd	ZipRecruiter's U.S. launch of Breakroom aims to empower job seekers with essential insights for confident applications, bringing this powerful tool to more job seekers and employers for better employment matches.
Aug-24	Sprockets (US)	HourWork (US)	Developer of a management application designed to optimize the hourly workforce operations to enhance compliance, cost-efficiency, and engagement.	nd	nd	nd	This move enables Sprockets to accelerate its growth and continue enhancing the hourly workforce experience while improving employers' bottom lines.
Aug-24	Pintar (Indonesia)	Hiringmaps (Indonesia)	Provider of a recruitment platform that facilitates instant hiring of blue and gray-collar workers, offering businesses access to mid-skilled Indonesian migrant workers.	nd	nd	nd	The acquisition will help the company streamline business processes to ensure that migrant workers are not only matched with suitable jobs but also earn relatively higher incomes, better career prospects, and legal protection from bad actors lurking on the edges of the system.
Aug-24	Pintar (Indonesia)	Kerja (Indonesia)	Operator of an online career development and job-matching platform designed to connect students with companies from Indonesia.	nd	nd	nd	The acquisition helps Pintar strengthen its workforce development services and integrate a network of early-career professionals into its enterprise services.
Aug-24	GradTouch (UK)	Evolve Assess (UK)	Developer of online assessment software designed for psychometric tests and overall candidate feedback.	nd	nd	nd	With this acquisition, GradTouch continues to broaden its portfolio in the higher education and early career sectors.



SELECTED TRANSACTIONS: TALENT ATTRACTION

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$m)	TARGET REVENUE (\$m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Aug-24	Humanforce (Australia)	LiveHire (Australia)	Provider of a cloud-based HR productivity platform designed for sourcing and recruitment, offering talent on demand for companies of all sizes.	11.3	nd	nd	LiveHire's best-of-breed ATS, Recruit CRM, Direct Sourcing, and AI-Powered Talent Pooling products are highly complementary and will enable Humanforce to power innovative and intelligent hiring, candidate engagement, shift filling, skills matching, and more.
Aug-24	Avionté Staffing Software (US)	AkkenCloud (US)	Developer of an online staffing and recruiting platform intended to serve industrial, healthcare, engineering, office, and other sectors.	nd	nd	nd	AkkenCloud clients will benefit from Avionté's full suite of staffing platform technologies and dedicated support team, ensuring customers have the resources, stability, and security needed for long-term growth through an end-to-end staffing platform.
Sep-24	The Access Group (UK)	Onboarded (Australia)	Provider of recruitment onboarding technology services designed to streamline pre-hire processes, including background checks, inductions, payroll, training, etc.	nd	nd	nd	This furthers Access' ambition to help recruiters globally benefit from usable AI daily.
Sep-24	Geolink Expansion (France)	Talents Tube (France)	Provider of video-based employment solutions intended for job recruitment and employer branding.	nd	nd	nd	The acquisition allows Geolink Expansion to rely on proven tools and expertise both to structure the offer from the employer and territorial brand to the employer group and to promote it and monitor candidates.
Sep-24	Health Union (US)	Adfire Health (US)	Developer of recruitment marketing software designed for the healthcare industry.	nd	nd	nd	The acquisition advances the company's growth plan to provide transformative direct-to-consumer (DTC) and HCP marketing solutions for the pharmaceutical and life sciences industry.



SELECTED TRANSACTIONS: TALENT ATTRACTION

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$m)	TARGET REVENUE (\$m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Sep-24	Bullhorn (US)	KonaSearch (US)	Provider of an advanced salesforce search platform designed to enhance business productivity with AI-driven search, matching, and automation tools.	nd	nd	nd	Integrating with KonaSearch will advance Bullhorn's Sourcing AI strategy and strengthen its commitment to the Salesforce platform and the executive search market by leveraging KonaSearch's expertise and technology to deliver faster higher-quality placements.
Sep-24	Job Mobz (US)	Recruiter.com (US)	Provider of a hiring platform leveraging a network of specialized recruiters and AI-driven job matching to help businesses quickly source and hire talent.	1.8	0.7	2.5	This acquisition contributes to the company's ongoing efforts to streamline operations, enhance shareholder equity, and solidify its position as a dynamic powerhouse in the recruitment industry, reinforcing its reputation as a leading RPO firm worldwide.



SELECTED TRANSACTIONS: TALENT DEVELOPMENT

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$m)	TARGET REVENUE (\$m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Jul-24	Raiys (UK)	Ashia (UK)	Developer of employee well-being platform offering videos, podcasts, interviews, support resources, and roundtables.	nd	nd	nd	The acquisition helps Raiys to grow the digital side of its proactive wellbeing services.
Jul-24	Telus Health (Canada)	Humanoo (Germany)	Developer of a health and well-being platform designed to improve the health and productivity of employees.	nd	nd	nd	This transaction marks a milestone in digital well-being, health prevention, and occupational health management solutions, addressing trends like rising healthcare costs and labor shortages and positioning TELUS to expand its digital platform across Europe.
Aug-24	AllBright (UK)	Everywoman (UK)	Provider of an educational platform empowering women in business through learning tools, networking, and training to support skill development and career growth.	nd	nd	nd	The acquisition supports AllBright's goal of reaching 20 million professionals by 2030 and advancing gender parity, a gap the World Economic Forum estimates will take 132 years to close.
Sep-24	Comply365 (US)	Qualtero (US)	Provider of training management software and services intended to serve the defense, aerospace, civil aviation, high-consequence, and regulated industries.	nd	nd	nd	This acquisition will create a leading global all-in-one compliance, safety, and training platform for peak operational performance, serving the aviation, defense, and rail industries with over 140 customers in over 30 countries on six continents.
Sep-24	Zenarate (US)	Bright (US)	Provider of a workforce development platform offering immersive learning through a simulated call center to help employees develop skills.	nd	nd	nd	The acquisition will help Zenarate's journey to illuminate new possibilities in the world of work.



SELECTED TRANSACTIONS: WORKFORCE MANAGEMENT

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$m)	TARGET REVENUE (\$m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Jul-24	The Citation Group (UK)	Agendrix (Canada)	Developer of a cloud-based employee scheduling software intended to simplify scheduling, timesheet tracking, and workplace communication.	nd	nd	nd	By integrating Agendrix, The Citation Group aims to offer an expanded range of software support and services, providing current and prospective clients with a seamless, tech-supported compliance management solution while enhancing its global presence.
Jul-24	WakeCap (UAE)	Crews By Core (US)	Developer of a construction labor and crew management application designed to match employers with a skilled labor workforce to solve the labor shortage.	nd	nd	nd	Through the transaction, WakeCap will open an R&D headquarters in Silicon Valley to solidify its position as a global construction tech leader with projects in the US, Saudi Arabia, UAE, and Japan.
Jul-24	NRC Health (US)	Nobl (US)	Developer of a clinical workflow management platform designed to improve communication, workflow, and processes for healthcare providers.	nd	nd	nd	The acquisition of Nobl and a new strategic partnership with Medallia both strengthen the organization's employee experience and consumer experience capabilities.
Jul-24	Intelliplan (Sweden)	Emini. (Denmark)	Provider of recruitment software designed for temporary workers, offering tools for social work, health, employment, case processing, salary, and collective agreement calculations.	nd	nd	nd	This acquisition marks a new step for the company as it integrates into a broader Nordic market leader, enhancing its capacity to deliver innovative staffing solutions.
Jul-24	Deel (US)	Hofy (UK)	Developer of a remote work management platform designed to help manage employees working from home.	nd	nd	nd	By consolidating both firms' market-leading tools and expertise, the companies will create the world's most advanced global HR and IT platform, enabling Deel to provide its 35,000 customers with the most comprehensive global IT operations capabilities available today.



SELECTED TRANSACTIONS: WORKFORCE MANAGEMENT

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$m)	TARGET REVENUE (\$m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Jul-24	Arbor (UK)	Staff Absence Management (UK)	Developer of business software for tracking staff absence, offering attendance alerts, remote access, and cost monitoring to help reduce costs and expedite staff returns.	nd	nd	nd	With the MIS capabilities and expertise of Arbor and SAM's new technical integration, SAM's customers will be able to gain valuable insights and analytics to make informed decisions and drive strategic HR and student initiatives.
Jul-24	Plus Alpha Consulting (Japan)	OM Network Co. (Japan)	Provider of shift and attendance management cloud services for retail and service industries, specializing in shift management, attendance tracking, automated ordering, etc.	10.9	5.5	2.0	The acquisition enables Plus Alpha Consulting to expand in the enterprise and HR markets by collaborating with the acquired company to create innovative services, attracting new customers and adding value.
Aug-24	Hearst Communications (US)	Qgenda (US)	Developer of SaaS-based workforce management software for healthcare, offering scheduling, capacity management, and labor analytics to optimize staffing.	2500.0	nd	nd	This acquisition enables Hearst to address clinician shortages, optimise team deployment, and enhance healthcare quality, safety, and efficiency for patients and providers nationwide.
Aug-24	Lightcast (US)	Stratigens (UK)	Developer of a business decision platform that leverages AI to analyze workforce and hiring data, reducing risks and supporting strategic decisions in M&A.	nd	nd	nd	With the acquisition of Stratigens, Lightcast further solidifies its position as the most trusted source for comprehensive global labor market data.
Sep-24	Visma Group (Norway)	quarksUp (France)	Provider of human resources management platform intended to streamline and optimize HR processes for small and medium-sized enterprises.	nd	nd	nd	By integrating with quarksUp, Visma is reinforcing its position as a technology leader and expanding its ecosystem in France, all while enhancing its ability to provide tailored digital solutions that address the complex needs of businesses and accounting firms.



SELECTED TRANSACTIONS: COMPENSATION AND BENEFITS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$m)	TARGET REVENUE (\$m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Jul-24	Payentry (US)	Southland Data Processing (US)	Developer of payroll and workforce management software for small businesses, corporations, and nonprofit organizations.	nd	nd	nd	The acquisition will enhance MPAY's position in the payroll services industry and broaden its service offerings to clients nationwide through its Payroll Service Bureau, Payentry.
Jul-24	B2Gnow (US)	eComply Solutions (US)	Developer of cloud-based labor compliance and diversity management services, offering payroll, diversity and certification management, vendor prequalification, etc.	nd	nd	nd	By integrating eComply Solutions' prevailing wage labor compliance software into B2Gnow's existing diversity compliance platform, clients will benefit from a unified system that addresses all aspects of contract compliance.
Jul-24	SD Worx Group (Belgium)	F2A (Italy)	Provider of HR management and financial administration services for multinational blue-chip clients, offering integrated outsourcing for payroll, personnel, and accounting.	nd	nd	nd	With this transaction, SD Worx will expand its offering and geographical footprint and accelerate its growth in the European HR and payroll solutions industry.
Sep-24	Zellis (UK)	Benify (Sweden)	Developer of web-based compensation management software designed to help employers attract and retain talent by streamlining employee benefits management.	nd	nd	nd	The acquisition will allow the company's clients to benefit from a deeper suite of platform integrations across HR, payroll, and benefit carriers.
Sep-24	TransPerfect (US)	Paybooks (India)	Developer of cloud-based payroll software designed to automate payroll, ensure compliance with Indian labor laws, and streamline operations.	nd	nd	nd	By joining TransPerfect, Paybooks and its customers will gain access to significant development resources and a global footprint, providing new growth opportunities for the business and team.



SELECTED TRANSACTIONS: PERFORMANCE MANAGEMENT

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Aug-24	Happy5 (Indonesia)	SugarOKR (Singapore)	Developer of OKR management software designed to help teams set meaningful goals, monitor progress, and track performance effectively.	nd	nd	nd	Happy5's acquisition of SugarOKR adds OKR tools to its employee performance management suite, creating a comprehensive solution for businesses focused on aligning workforce goals and maintaining employee well-being while supporting geographical expansion.
Sep-24	Easy Metrics (US)	Tom Zosel Associates (US)	Developer of labor management systems and consulting software designed to reduce operational costs with real-time performance management.	nd	nd	nd	The acquisition will deliver comprehensive visibility into network performance, labor productivity, and profitability management at every level of a company's operations, from the warehouse floor to the executive suite.

PUBLIC COMPS HIGHLIGHTS | Q3 2024

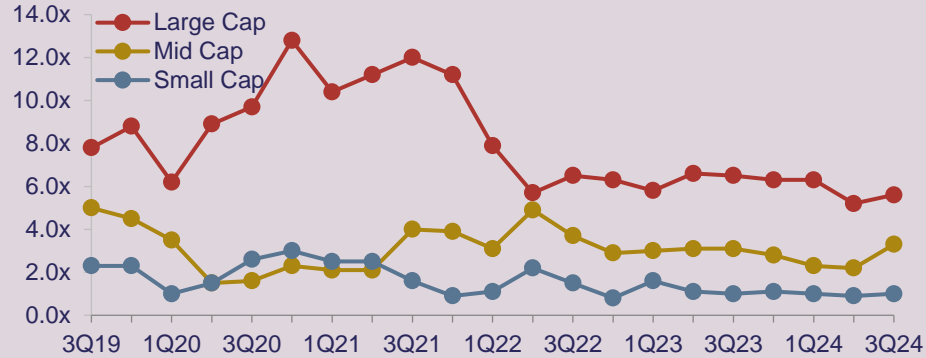
4.6x
Avg. EV/Revenue CY2024E

10%
Avg. Revenue Growth CY2023

87%
% Recurring Revenue

Historic Revenue Multiples

EV/Revenue



Large Cap

5.6x Avg. EV/Revenue **12%** Avg. Revenue Growth **87.8%** % Recurring Revenue

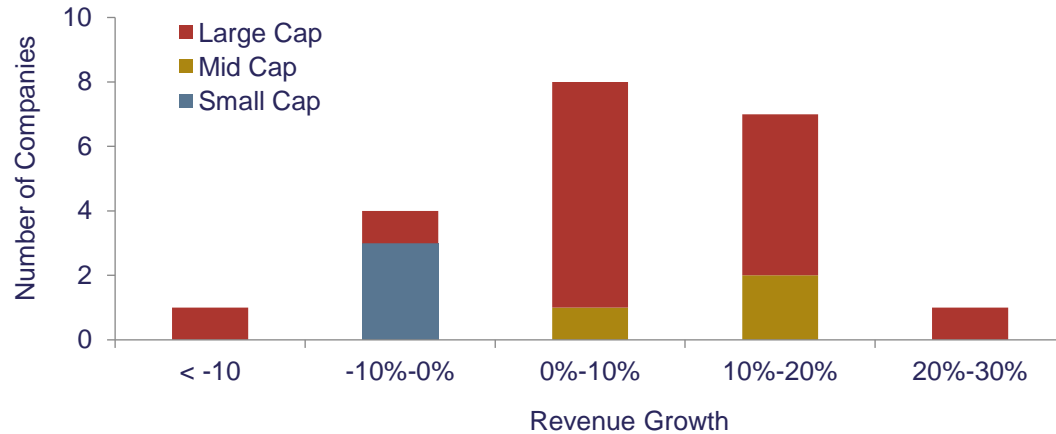
Mid Cap

3.3x Avg. EV/Revenue **14%** Avg. Revenue Growth **83.3%** % Recurring Revenue

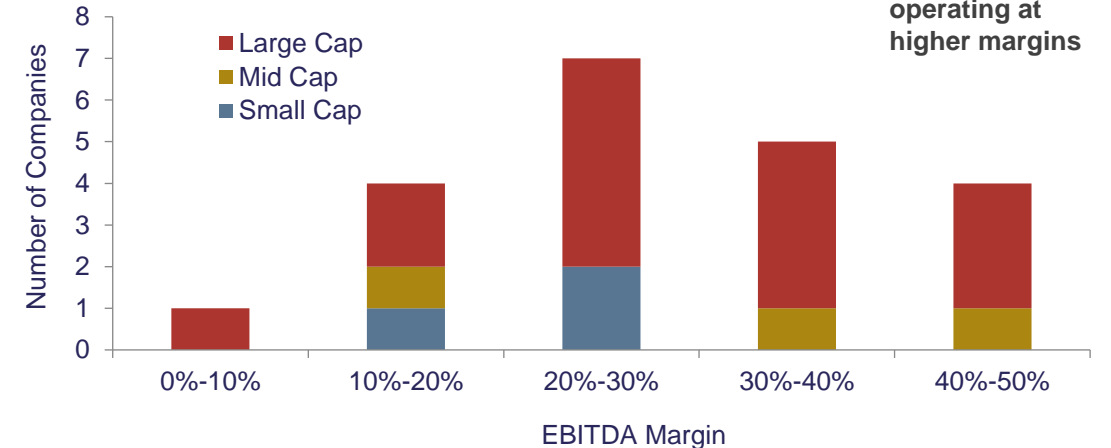
Small Cap

1.0x Avg. EV/Revenue **-3%** Avg. Revenue Growth **90.5%** % Recurring Revenue

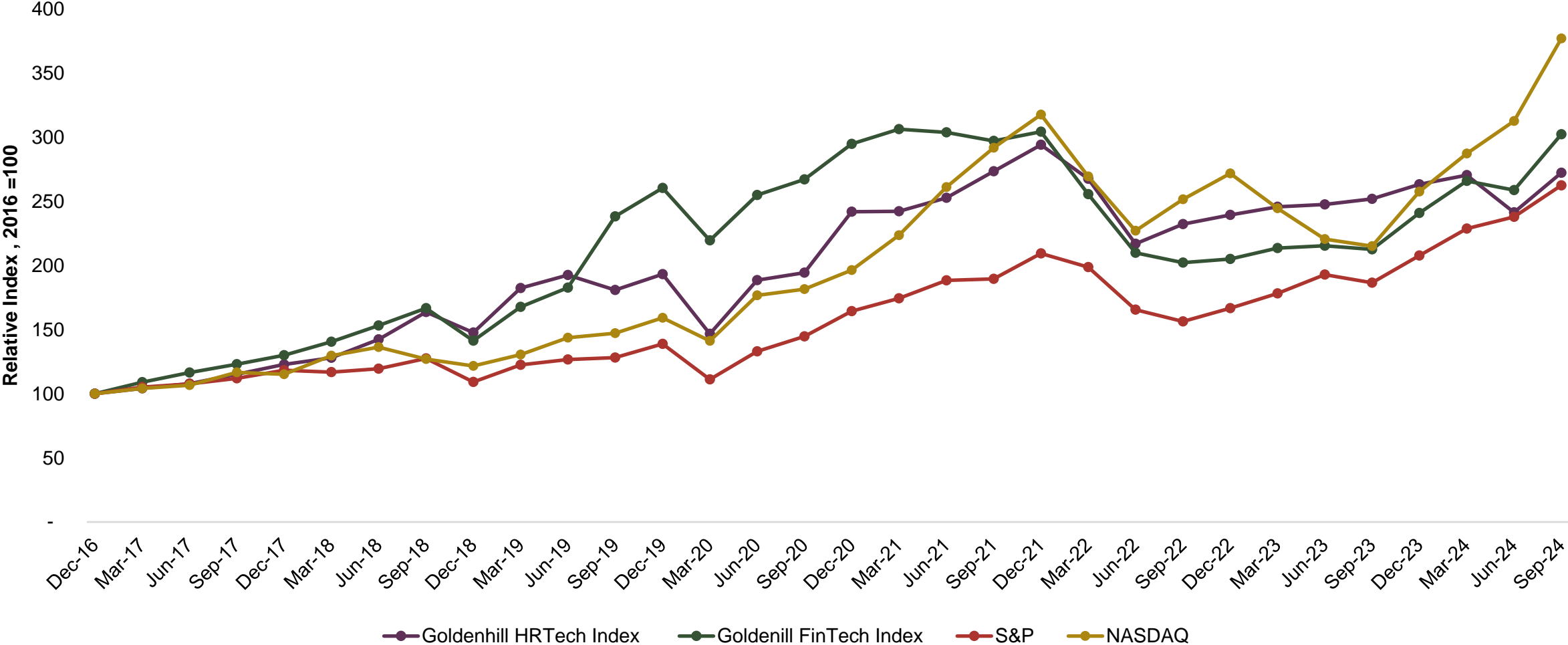
Revenue Growth Distribution



EBITDA Margin Distribution

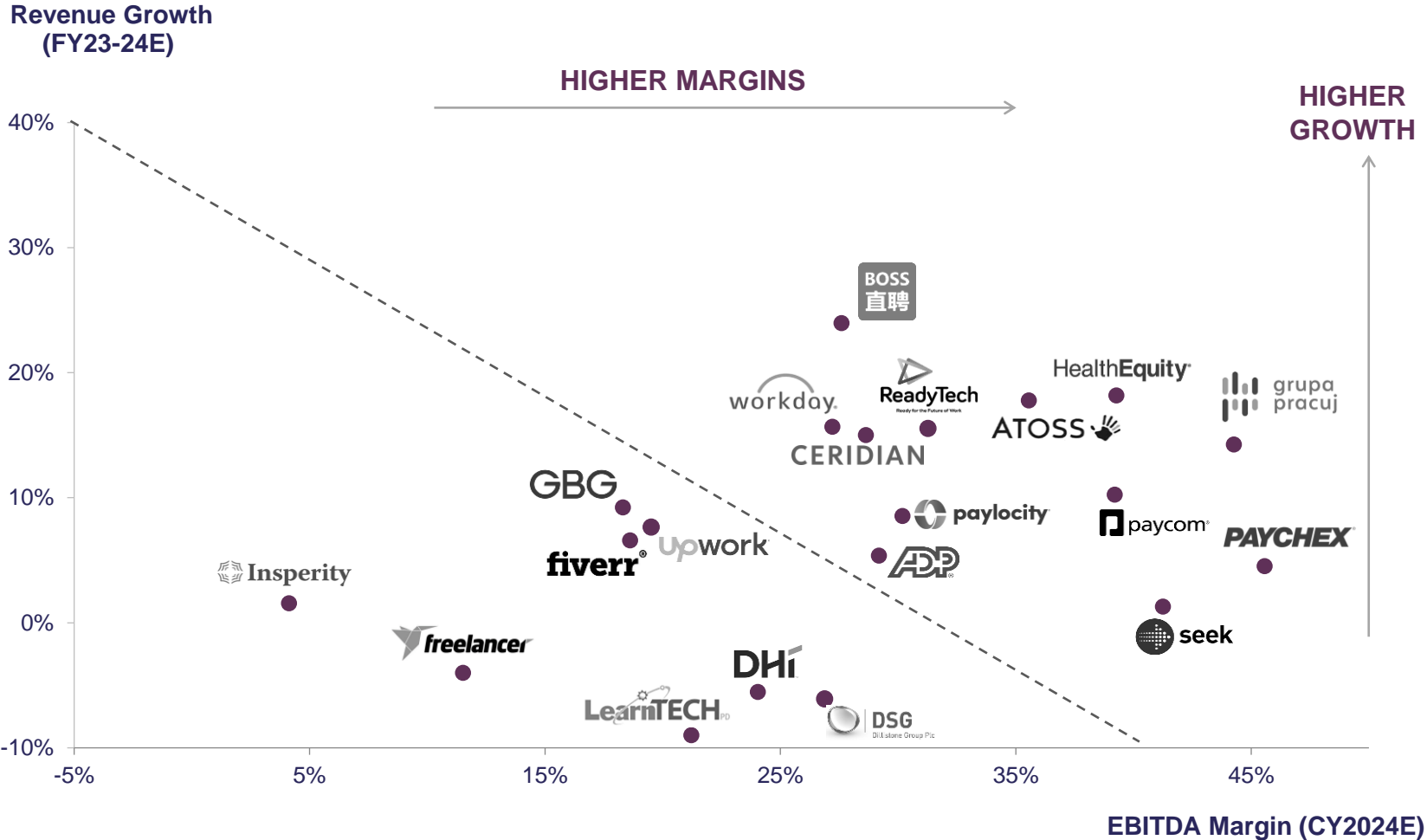


GOLDENHILL HRTECH INDEX



PERFORMANCE QUADRANTS

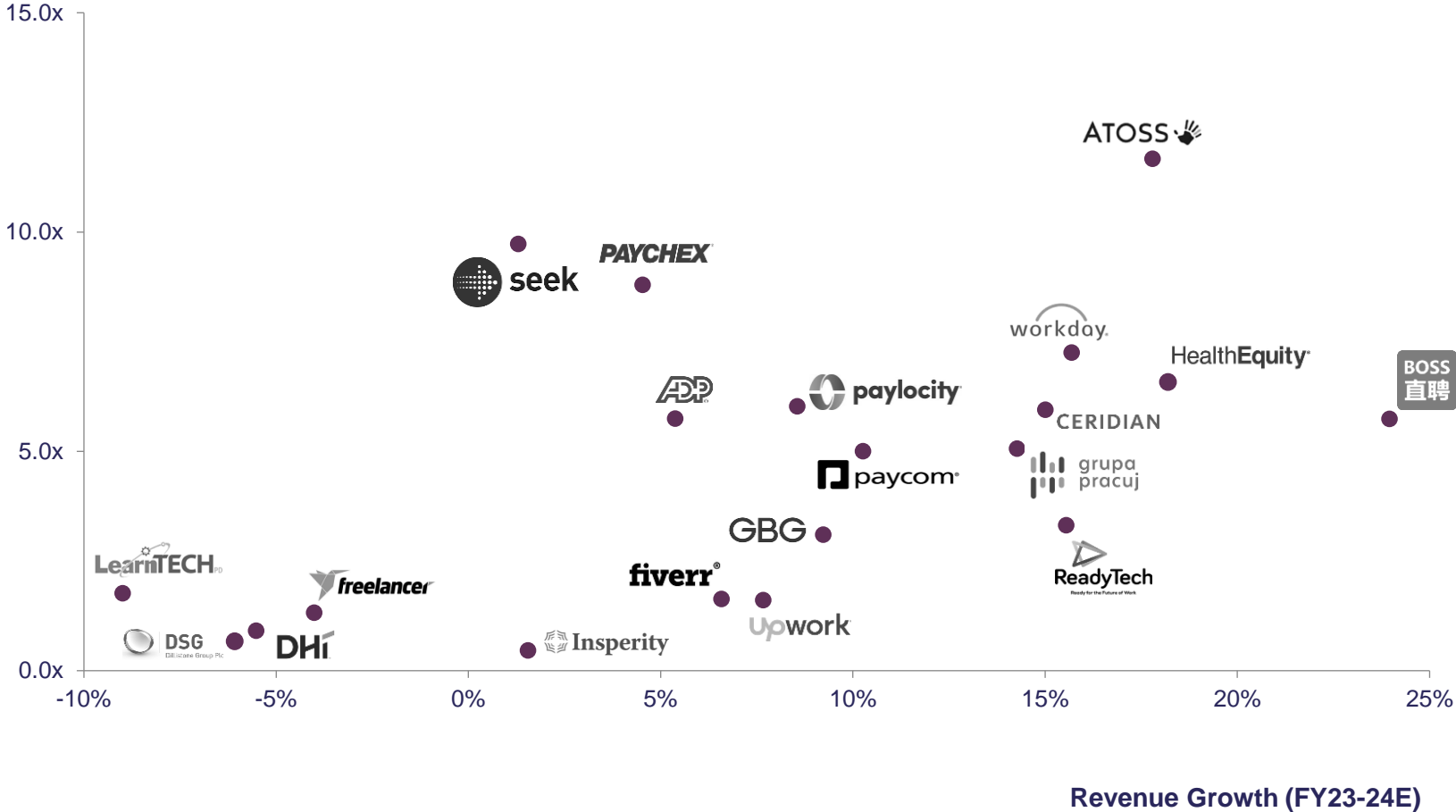
The Rule of 40 is a recognised measure of health for SaaS companies, which states that Revenue Growth % and EBITDA Margin (profitability) should ideally add up to roughly 40%.



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 BOSS Zhipin (online recruitment platform), HealthEquity (Health and Safety Administrator), Atoss (workforce management software provider), and Workday (software solutions provider for finance, HR, and IT departments).

EV/Revenue (CY24E)



SECTOR VALUATION METRICS

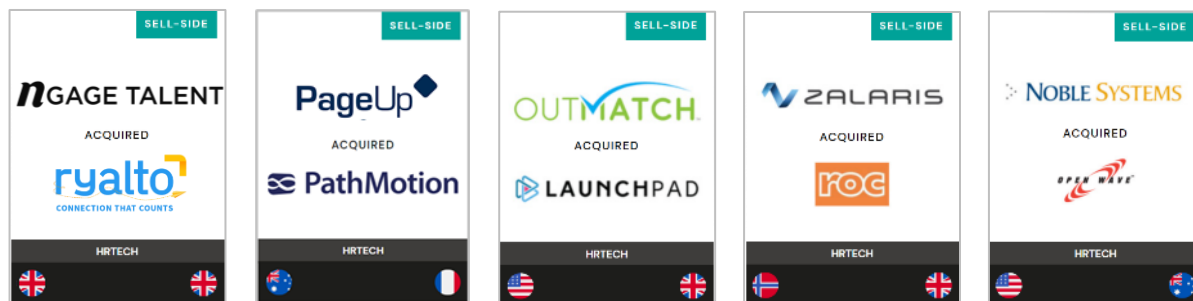
Company	Ticker	Share Price Local	Market	Net Debt	Enterprise	Revenue	EV/Revenue	EV/Revs	EV/EBITDA	Revenue Growth		EBITDA Margin		% Revs		
		30-Sep-24	Cap (\$m) ⁽¹⁾	(\$m) ⁽²⁾	Value (\$m)	CY24E (\$m)	CY2023	CY2024E	Recurring	CY2023	CY2024E	CY2023	CY2024E	CY2023	CY2024E	Recurring ⁽³⁾
Selected Large Cap																
ADP	ADP	276.7	112,858	500	113,358	19,719	6.1x	5.7x	6.1x	20.9x	19.7x	6.6%	5.4%	29.1%	29.2%	95%
Workday	WDAY	244.4	64,769	(4,518)	60,251	8,303	8.4x	7.3x	8.0x	NM	26.7x	16.8%	15.7%	7.5%	27.2%	91%
Paychex	PAYX	134.2	48,274	(617)	47,656	5,418	9.2x	8.8x	9.1x	20.6x	19.3x	5.4%	4.5%	44.9%	45.6%	97%
Ceridian HCM	DAY	61.3	9,684	674	10,358	1,741	6.8x	5.9x	6.9x	37.8x	20.8x	21.5%	15.0%	18.1%	28.6%	86%
Paycom	PAYC	1.7	9,567	(218)	9,348	1,868	5.5x	5.0x	5.1x	16.0x	12.8x	23.2%	10.3%	34.4%	39.2%	98%
Paylocity	PCTY	165.0	9,167	(347)	8,820	1,462	6.8x	6.0x	6.6x	31.0x	20.0x	19.4%	8.6%	22.1%	30.2%	92%
BOSS Zhipin	BZ	17.4	7,759	(1,779)	5,981	1,042	7.1x	5.7x	5.8x	41.4x	20.8x	25.3%	24.0%	17.2%	27.6%	99%
Healthequity	HQY	81.9	7,148	529	7,677	1,166	7.8x	6.6x	6.6x	28.5x	16.8x	16.0%	18.2%	27.3%	39.3%	100%
SEEK Ltd	SEK	24.9	6,153	807	6,960	715	9.3x	9.7x	10.1x	22.5x	23.6x	-8.8%	1.3%	41.6%	41.2%	96%
Trinet	TNET	96.7	4,817	676	5,493	1,259	1.1x	4.4x	5.1x	9.5x	10.7x	0.8%	-74.4%	11.8%	41.0%	85%
Insperty	NSP	0.9	3,303	(262)	3,041	6,587	0.5x	0.5x	0.5x	11.6x	11.2x	9.2%	1.6%	4.0%	4.1%	85%
Atoss	AOF	131.0	2,323	(75)	2,248	193	13.7x	11.7x	16.0x	37.0x	32.8x	36.3%	17.8%	37.2%	35.6%	73%
Upwork	UPWK	10.5	1,379	(182)	1,197	742	1.7x	1.6x	1.9x	NM	8.3x	11.5%	7.7%	0.4%	19.5%	86%
GB Grp	GBG	3.1	1,053	103	1,156	373	3.3x	3.1x	5.4x	NM	16.9x	3.7%	9.2%	-5.6%	18.3%	57%
Learning Tech	LTG	1.0	1,008	115	1,123	637	1.6x	1.8x	2.3x	8.6x	8.3x	-5.2%	-9.0%	18.7%	21.2%	76%
Average							5.9x	5.6x		23.8x	17.9x	12%	4%	20.6%	29.9%	87.8%
Total (Large Cap)			289,260	(4,594)	284,667											
Selected Mid Cap																
Grupa Pracuj	GPP	0.5	962	38	1,000	197	5.8x	5.1x	5.1x	13.3x	11.4x	26.1%	14.3%	43.7%	44.3%	100%
Fiverr	FVRR	25.9	913	(283)	630	385	1.7x	1.6x	2.5x	NM	8.8x	7.1%	6.6%	-2.8%	18.6%	66%
ReadyTech	RDY	3.0	250	17	267	80	3.7x	3.3x	4.0x	13.6x	10.6x	7.3%	15.6%	27.2%	31.3%	84%
Average							3.7x	3.3x		13.4x	10.3x	14%	12%	22.7%	31.4%	83.3%
Total (Mid Cap)			2,125	(228)	1,896											
Selected Small Cap																
DHI Group	DHX	1.8	89	42	131	144	0.9x	0.9x	1.0x	5.3x	3.8x	1.5%	-5.5%	16.3%	24.0%	90%
Freelancer	FLN	0.2	56	(11)	45	34	1.3x	1.3x	NA	9.9x	11.5x	-8.1%	-4.0%	12.9%	11.5%	NA
Dillistone	DSG	10.5	3	2	NA	7	0.6x	0.7x	NA	2.7x	2.5x	-1.2%	-6.1%	22.9%	26.9%	91%
Average							0.9x	1.0x		6.0x	5.9x	-3%	-5%	17.4%	20.8%	90.5%
Total (Small Cap)			148	33	177											
Sector Total			291,534	(4,790)	286,740		4.9x	4.6x	5.7x	19.4x	15.1x	10%	4%	20%	29%	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; most (70%) of our engagements result in cross-border transactions.
- International presence with offices in London, Luxembourg, and San Diego.
- Proven track record of successful long-term advisory relationships positioning clients for premium transactions using current insights into the relevant strategic acquirers.

Selected Transactions



HRTech Partners



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William Berrington
London



Kevin O'Neill
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