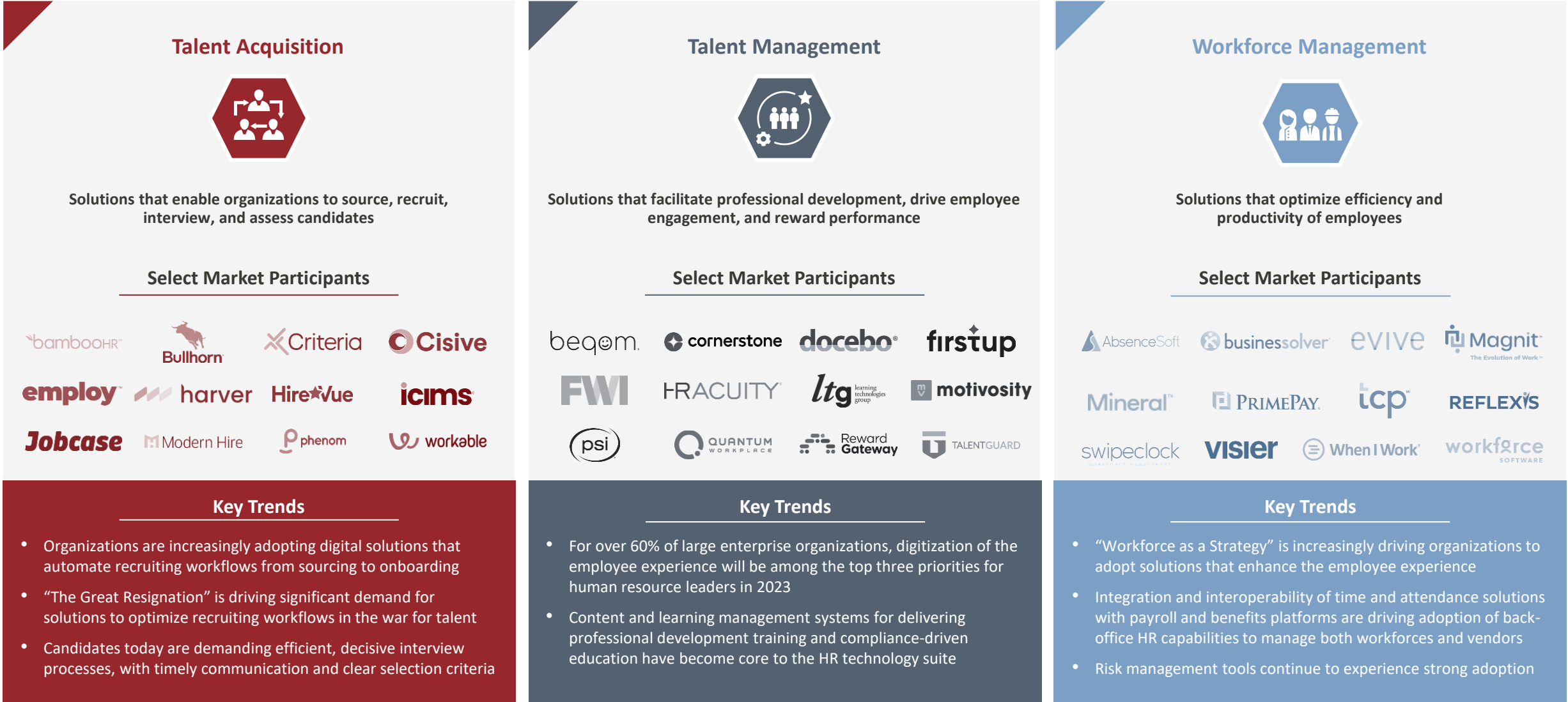




Human Capital Management Technology Sector Update

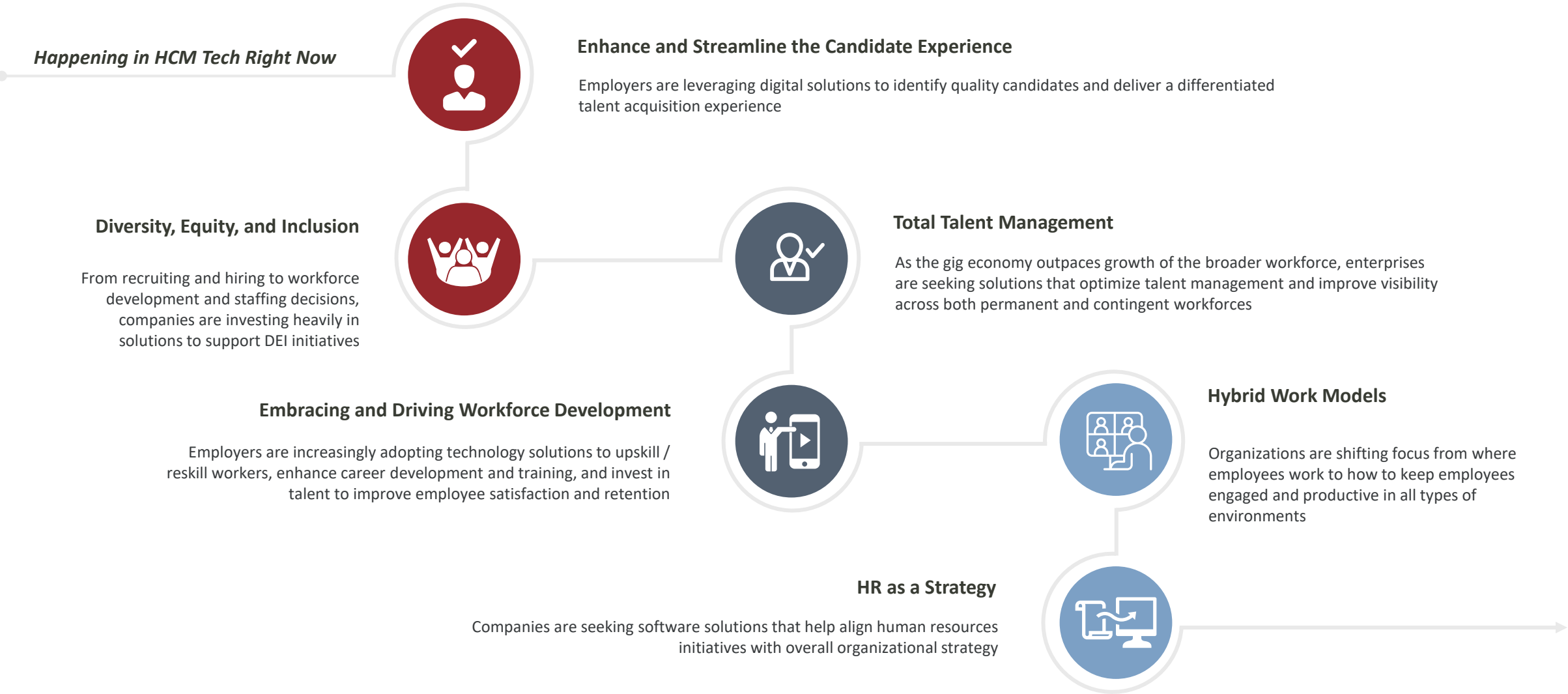
Harris Williams | Q4 2022

Perspectives on Human Capital Management Technology



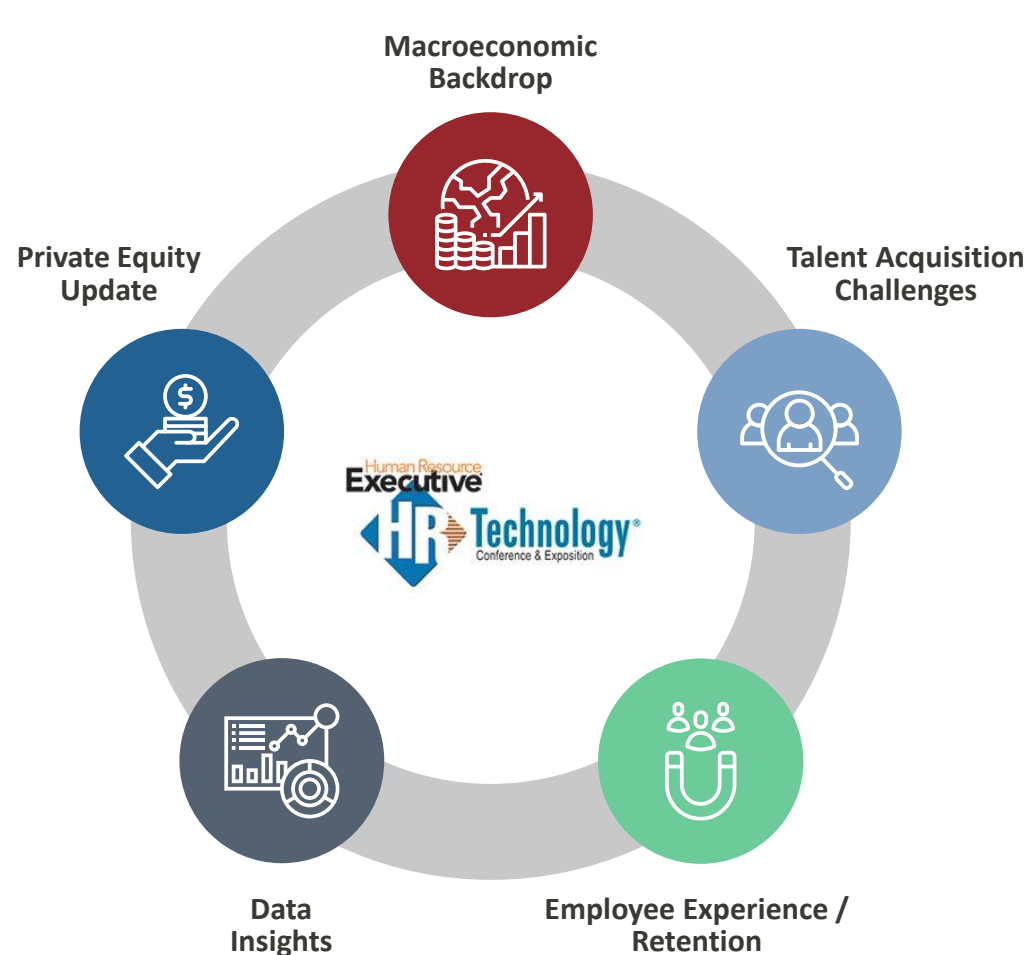
Human Capital Management Technology Observations and Key Trends

Heightened emphasis on workforce quality and recruiting efficiency is driving technology adoption



HR Tech Conference 2022 Insights

Key discussion topics amongst leading HR technology companies and investors



Macroeconomic Backdrop

- Business leaders remain optimistic of long-term growth prospects; however, with the Federal Reserve's aggressive posture toward battling inflation, the consensus is that the risk of a recession is rising
- According to KPMG, nearly nine out of 10 CEOs anticipate a recession will occur within the next 12 months



Talent Acquisition Challenges

- As recruiters face sourcing headwinds, technology has proven to be a differentiator in the war for talent
- Several point solutions and comprehensive platforms have been developed that enhance the candidate experience, reduce time to hire, and support an organization's ability to fill roles with quality hires that align with the company in terms of skill requirements, culture, and DEI initiatives



Employee Experience / Retention

- The pandemic introduced a wave of issues for companies and their employees, pressuring managers to focus on the employee experience, especially in light of the Great Resignation, return-to-office mandates, and quiet quitting
- Technology to support employee experience and retention initiatives was of great emphasis at the conference, with at least nine sessions covering the topic



Data Insights

- Companies are increasingly leveraging robust workforce analytic tools to support operations and enrich conversations between employees and managers
- Technology is helping HR leaders to draw insights from disparate data sources to enrich experiences, improve employee mobility, and better inform corporate strategy



Private Equity Update

- On the heels of record deal activity through the first half of 2022, many financial sponsors are feeling less pressure to put funds to work despite private equity dry powder standing at \$1.2 trillion
- Near-term sentiment has turned more cautious with investment committees of some large and midsized financial sponsors taking a more risk-off approach to new platform and add-on investments
- While interest in the Human Capital Management sector remains high, investors are focusing on A+ quality assets with a balanced Rule-of-40 profile and note a widening bid-ask spread with recent opportunities

What We're Reading

How Automation Can Improve the Employee Experience

Forbes

Historically, automation's ability to cut costs and improve efficiency has been perceived as a major threat to employees. However, automation has largely optimized employee performance rather than replacing it. Technology has been a differentiator in attracting and retaining talent through the added benefits of accelerating the learning curve, reducing burnout, and providing greater opportunity for creativity.

Read the full article [here](#).

The State of the CHRO: How to Capitalize on the Post-COVID HR Momentum

HR Executive

The HR department and role of chief human resource officer are integral to the operations of any business and have only grown in importance in a time of global crises and labor shortages. In order to navigate HR's critical position in organizational success, HR leaders must proactively address workforce headwinds, be honest with their workforce, and leverage technology to do some heavy lifting of HR functions.

Read the full article [here](#).

How Technology Amplifies Recognition, Helps Stem Turnover

Society for Human Resource Management (SHRM)

Employee recognition has been proven to reduce resignations, keep remote workers connected to their colleagues, and boost performance; however, it is often forgotten or done ineffectively. Technology is the key to enhancing the recognition experience with tools that enable organizations to never miss recognizable events, elongate recognition moments, and identify bias in company recognition practices.

Read the full article [here](#).

Hiring Gets Easier for Some Employers Despite Hot Job Market

The Wall Street Journal

The job market remains tight and continues to favor workers, but inflation and fears of a potential recession are driving increased employee retention and accelerated job acceptance timelines. Pipelines for many roles are growing as candidate priorities appear to shift in favor of stability, while competition remains high for skilled technology professionals.

Read the full article [here](#).

Select Harris Williams Publications

Professional Education and Learning Technology Sector Update



[Link to Read](#)

Compliance Technology – EHS and SCRM Sector Update



[Link to Read](#)

Compliance Technology – GRC Sector Update



[Link to Read](#)

Professional and Tech-Enabled Services Sector Update



[Link to Read](#)

European Software 1H 2022 Market Update



[Link to Read](#)

Access All Harris Williams Insights Here

Select Q3 2022 Human Capital Management Transactions

General Atlantic's investment in HiBob



Target



Buyer

August 2022

\$2.5B Valuation

- HiBob is a provider of a human resource and benefits platform offering attendance records, time-off schedules, employee records and agreements, compensation management, performance tracking, and goal setting
- General Atlantic's investment will be used to expand HiBob's portfolio of mission-critical solutions and expand its global footprint

Harver's acquisition of Pymetrics



Target



Buyer

August 2022

Valuation Not Disclosed

- Pymetrics is a provider of an AI-based platform using machine learning and neuroscience to collect behavioral data, enabling recruiters to find the right candidates and improve their recruitment process
- Harver's acquisition of pymetrics adds a behavioral-based AI methodology to its existing talent assessments to add a wider breadth and depth of predictive talent decisioning products to its offering

Mitratesch's acquisition of TalentReef



Target



Buyer

August 2022

Valuation Not Disclosed

- TalentReef is a provider of a talent management platform purpose-built for location-based, high-volume hourly hiring that automates processes and optimizes workflows for candidates and hiring managers
- The acquisition combines TalentReef's best-in-class systems with Mitratesch's expertise, technology, and global platform to meet customers' hiring needs more effectively and efficiently

Employ's acquisition of Lever



Target



Buyer

August 2022

Valuation Not Disclosed

- Lever is a provider of a recruitment solutions platform offering an applicant tracking system (ATS), a candidate relationship manager (CRM), and supporting hiring services
- The acquisition extends Employ's talent acquisition capabilities with a suite of tools for organizations as they grow from SMBs to mid-market and enterprise scale organizations

New Mountain Capital's investment in Radancy



Target



Buyer

July 2022

Valuation Not Disclosed

- Radancy is a provider of an end-to-end enterprise talent acquisition platform designed to automate and optimize the candidate journey
- The investment from New Mountain Capital will allow Radancy to accelerate its software product road map and expand its suite of services focused on helping enterprises to identify, engage, and hire talent

Bullhorn's acquisition of SourceBreaker



Target



Buyer

July 2022

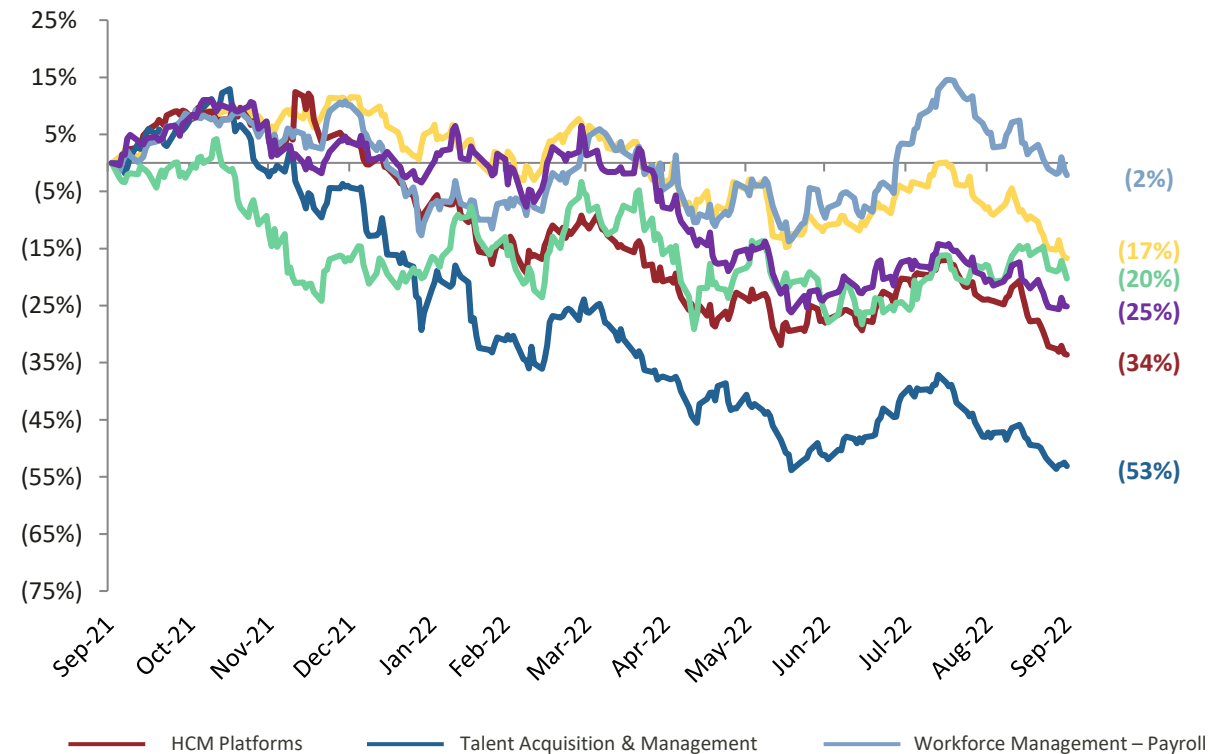
Valuation Not Disclosed

- SourceBreaker is a provider of an AI-driven platform designed to provide talent matching solutions for recruiters to identify the best potential candidates
- The acquisition will further enhance Bullhorn's portfolio of talent engagement solutions across the entire candidate life cycle, from sourcing to engagement, onboarding, and redeployment

Human Capital Management Technology Public Company Trended Stock Performance

Public Company Stock Performance – Past 12 Months

Indexed Stock Price Performance for the period September 2021 – September 2022



Public Company Stock Performance – Past 5 Years

Indexed Stock Price Performance for the period September 2017 – September 2022



HCM Platforms

CERIDIAN
ORACLE
SAP

intuit.
Sage
workday.

Talent Acquisition & Management

dicebo DHi First Advantage fiverr.
FranklinCovey HIRE RIGHT Itg RECRUIT
seek Sterling upwork ZipRecruiter

Workforce Management – Payroll

ADP
PAYCHEX paycom
Paycor paylocity

Workforce Management – Benefits

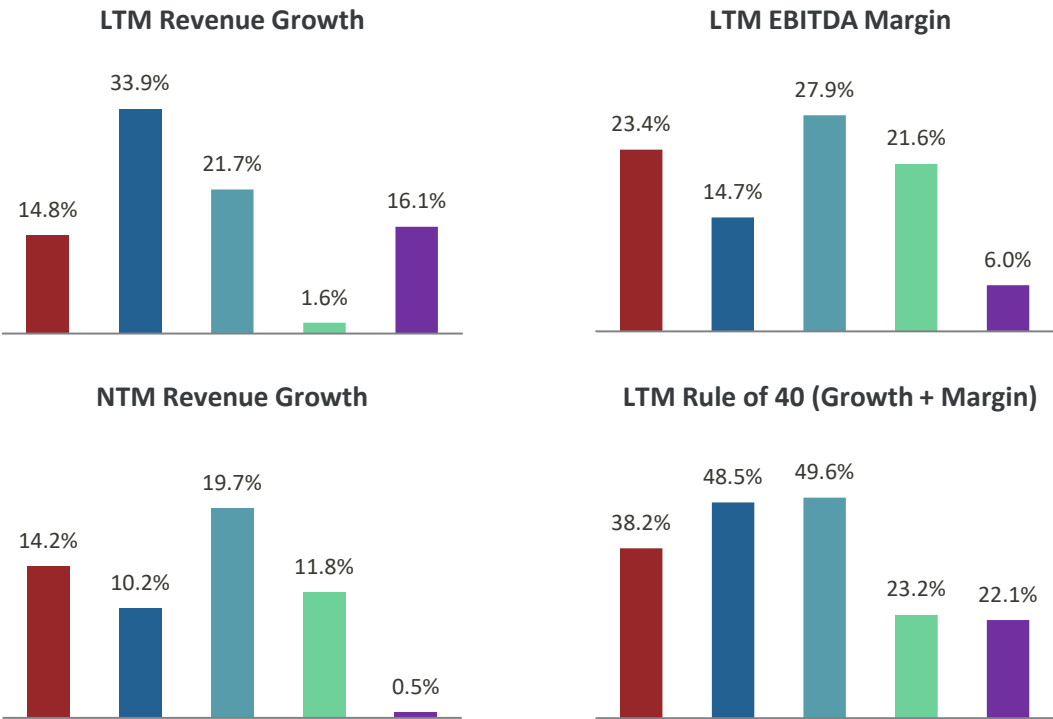
alight. Benefitfocus
HealthEquity

Workforce Management – HR Services

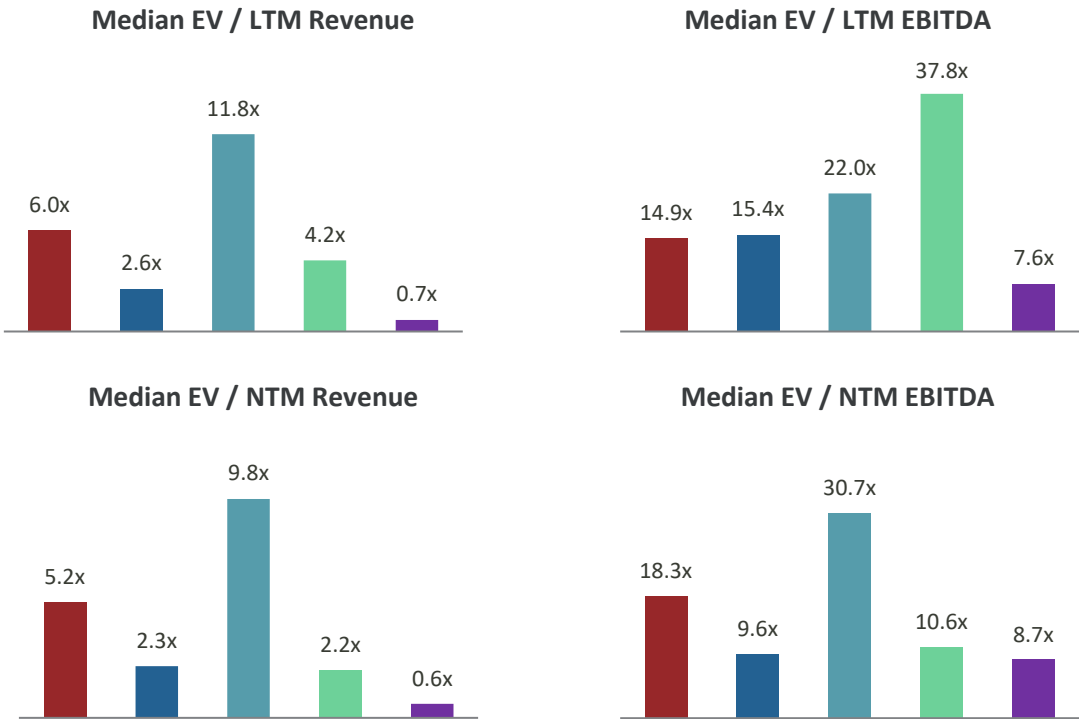
MAYS Inspireity
KFORCE Robert Half
TriNet trueblue

Human Capital Management Technology Public Company Operating and Valuation Metrics

Public Company – Operating Metrics



Public Company – Valuation Metrics



HCM Platforms

CERIDIAN
ORACLE
SAP

intuit.
Sage
workday.

Talent Acquisition & Management

dicebo DHi First Advantage fiverr.
FranklinCovey HIRE RIGHT Itg RECRUIT
seek Sterling upwork ZipRecruiter

Workforce Management – Payroll

ADP
PAYCHEX paycom
Paycor paylocity

Workforce Management – Benefits

alight. Benefitfocus
HealthEquity

Workforce Management – HR Services

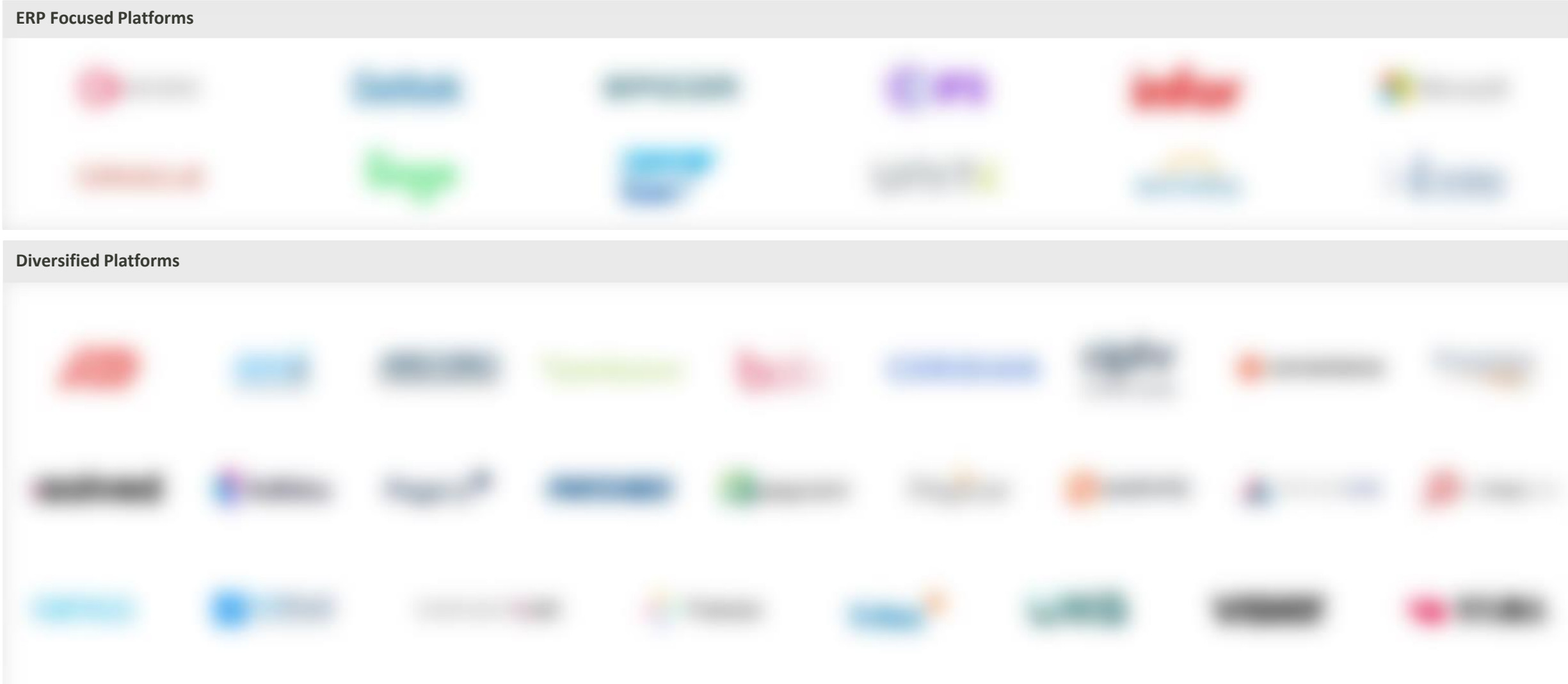
MAYS
KFORCE
TriNet

Inspireity
Robert Half
trueblue

HCM Technology Landscape

To view full market map please contact:
hwtech_HCM@harriswilliams.com

Platforms that enable enterprises to meet all their resource planning and human capital management needs



Talent Acquisition Landscape

To view full market map please contact:

hwtech_HCM@harriswilliams.com

Solutions to enhance the talent acquisition experience for candidates and employers

Talent Acquisition

Applicant Tracking System (ATS) / Candidate Relation Management (CRM)

Sourcing

Advertising / Onboarding / Marketplace

Candidate Matching (and Rediscovery) / Employee Referrals

Career Page Optimization

Recruitment & Assessment

Chatbots / Mobile Engagement

Campus / Social Recruiting

Interview Training / Scheduling

Video Interviews

Assessments

Pre-Hire Onboarding

Compensation / Compliance (e.g., WOTC)

Reference Check

Background Check / I-9 / E-Verify

Training / Learning

Onboarding Communications / Process Management

Talent Management Landscape

To view full market map please contact:
hwtech_HCM@harriswilliams.com

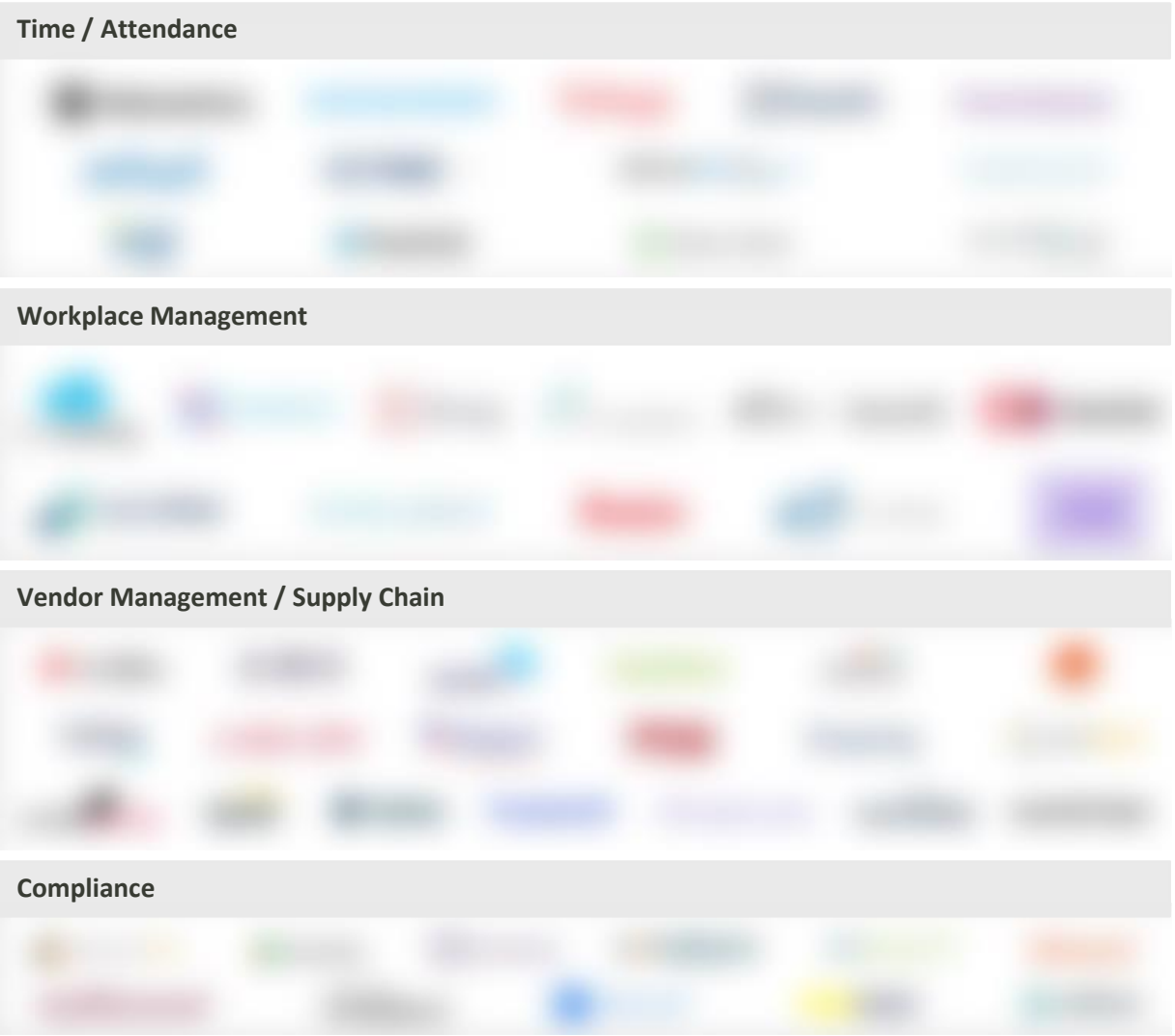
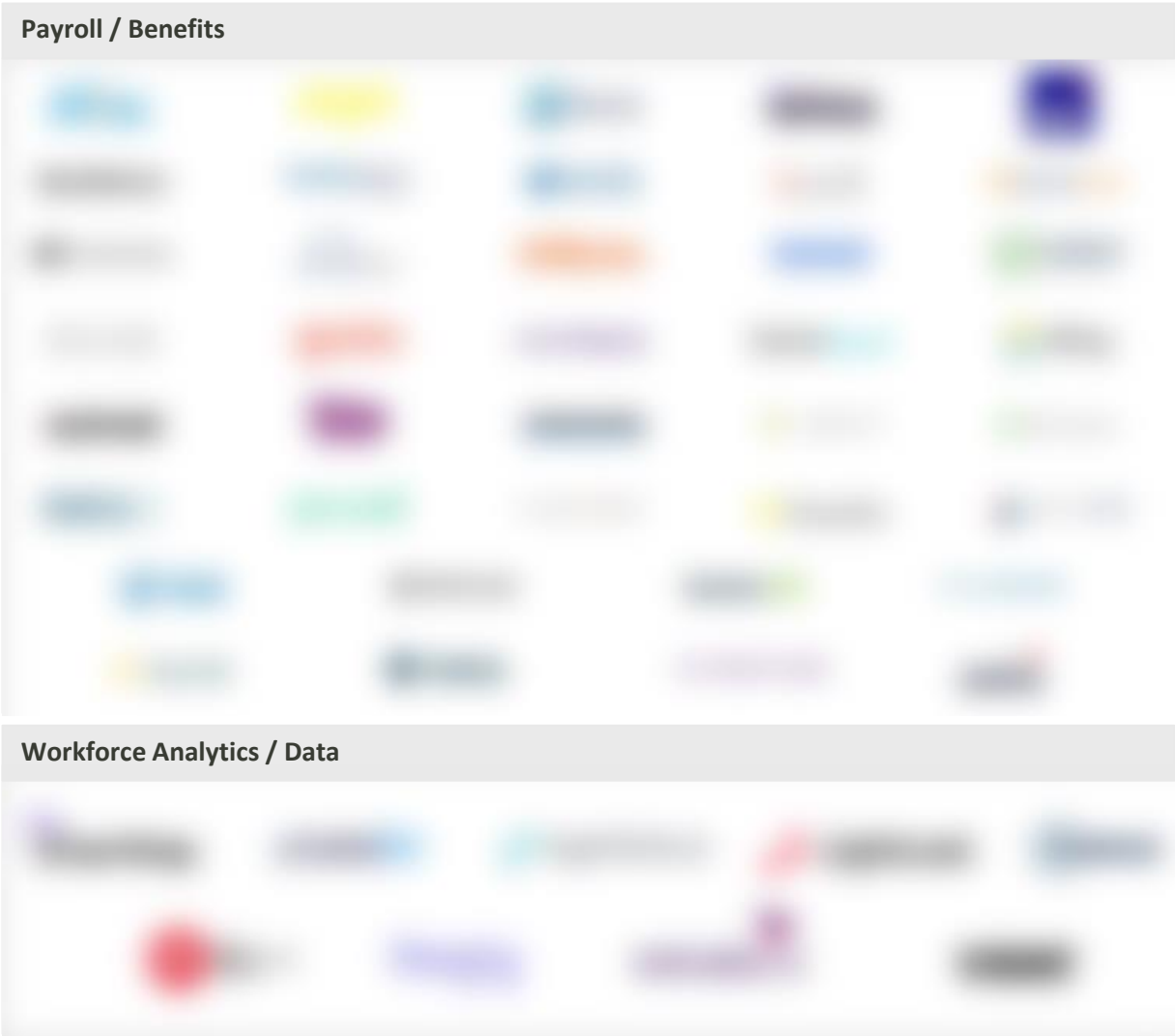
Technology solutions tailored to deliver professional education and training, evaluate and reward performance, and increase employee engagement

Training / Learning		Performance / Succession	
LMS / LCMS / LXP / ML		Compensation Planning	Performance Review
Education / Staffing Training		Succession Planning	Coaching / Mentoring
AI / AR / VR / Video Training			
Employee Engagement			
Diversified Platforms			
Employee Communication / Engagement Surveys		Recognition / Rewards	Wellness
Corporate Social Responsibility (CSR) / Grant Management		P2P / Social Recognition	

Workforce Management Landscape

To view full market map please contact:
hwtech_HCM@harriswilliams.com

Organizations to automate and optimize workforce management



Harris Williams: At a Glance



- **30 years** and thousands of deals closed
- **100%** of revenue is from M&A advisory
- **10** industry groups with deep sector expertise
- **92%** of revenue from sell-side M&A
- **70%** of revenue from repeat clients
- **8** offices across the U.S. and Europe

The Harris Williams Technology Group

Technology Coverage Areas

Architecture, Engineering, and Construction • Compliance • eCommerce & Retail • Education
Government & Public Sector • Healthcare • **Human Capital Management** • Industrial
Legal • Office of the CFO • Pharma • Real Estate & Property • Supply Chain & Logistics

The Harris Williams Business Services Group

Professional Services Coverage Areas

Business Process Outsourcing • Consulting • Education & Training • Engineering
Financial Services • GRC • **Human Capital Management** • Information Technology
Insurance & Risk Management • Legal Services • Marketing & Information • Workforce Solutions

Harris Williams Contacts

Thierry Monjauze
Group Head, Technology
tmonjauze@harriswilliams.com
+44 20 7518 8901

Brian Titterington
Director, Technology
btitterington@harriswilliams.com
(415) 217-3425

Erik Szyndlar
Managing Director, Technology
eszyndlar@harriswilliams.com
(415) 217-3418

Bryce Walker
Director, Business Services
bwalker@harriswilliams.com
(804) 887-6154








Derek Lewis
Group Co-Head, Business Services
dlewis@harriswilliams.com
(804) 915-0118

Ben de Fiebre
Vice President, Technology
bdefiebre@harriswilliams.com
(415) 217-3444

Harris Williams Capabilities and Locations



Harris Williams has a broad range of industry expertise, which creates powerful opportunities. Our clients benefit from our deep-sector experience, integrated industry intelligence and collaboration across the firm, and our commitment to learning what makes them unique. For more information, visit our website at www.harriswilliams.com.

	Aerospace, Defense & Government Services		Business Services		Building Products & Materials		Consumer		Energy, Power & Infrastructure
	Healthcare & Life Sciences		Industrials		Specialty Distribution		Technology		Transportation & Logistics

Office Locations

United States

Boston
One International Place
Suite 2620
Boston, Massachusetts 02110
Phone: +1 (617) 482-7501

Cleveland
1900 East 9th Street
25th Floor
Cleveland, Ohio 44114
Phone: +1 (216) 689-2400

Minneapolis
222 South 9th Street
Suite 3350
Minneapolis, Minnesota 55402
Phone: +1 (612) 359-2700

Richmond
1001 Haxall Point
9th Floor
Richmond, Virginia 23219
Phone: +1 (804) 648-0072

San Francisco
One Market Plaza, Steuart Tower
11th Floor
San Francisco, California 94105
Phone: +1 (415) 288-4260

Washington, D.C.
800 17th St. NW
2nd Floor
Washington, D.C. 20006
Phone: +1 (202) 207-2300

Europe

Frankfurt
Bockenheimer Landstrasse 33-35
60325 Frankfurt
Germany
Phone: +49 069 3650638 00

London
25 Savile Row
4th Floor
London, England W1S 2ER
Phone: +44 020 7518 8900

HW Harris Williams

Human Capital Management Technology | Q4 2022 14

Sources and Disclosures

Sources

- | | |
|---|-------------------|
| 1. Gartner | 6. KPMG |
| 2. Forbes | 7. PitchBook |
| 3. HR Executive | 8. S&P Capital IQ |
| 4. Society for Human Resource Management (SHRM) | 9. Mergermarket |
| 5. The Wall Street Journal | |

Disclosures and Disclaimers

Investment banking services are provided by Harris Williams LLC (Harris Williams). Harris Williams is a registered broker-dealer and member of FINRA and SIPC. Harris Williams & Co. Ltd is a private limited company incorporated under English law with its registered office at 8th Floor, 20 Farringdon Street, London EC4A 4AB, UK, registered with the Registrar of Companies for England and Wales (registration number 07078852). Harris Williams & Co. Ltd is authorized and regulated by the Financial Conduct Authority. Harris Williams & Co. Corporate Finance Advisors GmbH is registered in the commercial register of the local court of Frankfurt am Main, Germany, under HRB 107540. The registered address is Bockenheimer Landstrasse 33-35, 60325 Frankfurt am Main, Germany (email address: hwgermany@harriswilliams.com). Geschäftsführer/Directors: Jeffery H. Perkins, Paul Poggi. (VAT No. DE321666994). Harris Williams is a trade name under which Harris Williams LLC, Harris Williams & Co. Ltd and Harris Williams & Co. Corporate Finance Advisors GmbH conduct business.

The information and views contained in this presentation have been prepared in part by Harris Williams. This presentation does not purport to be comprehensive or to contain all the information that a recipient may need in order to evaluate any investment or potential transaction. This presentation is not a research report, as such term is defined by applicable law and regulations and is provided for informational purposes only. Any and all information, including estimates, projections and other forward-looking statements, presented in this document may involve various assumptions and significant elements of subjective judgment and analysis which may or may not be correct. Harris Williams has not independently verified, and neither Harris Williams nor any other person will independently verify, any of the information, estimates, projections or forward-looking statements contained herein or the assumptions on which they are based. The information contained in this document is made as of the date hereof unless stated otherwise. Harris Williams does not expect to update or otherwise revise this document nor provide any additional information, nor correct any inaccuracies herein which may become apparent.

The information contained herein is believed by Harris Williams to be reliable, but Harris Williams makes no representation or warranty as to the accuracy or completeness of such information, and information contained herein that is based on material prepared by others may involve significant elements of subjective judgment and analysis which may or may not be correct. Opinions, estimates and projections contained herein constitute Harris Williams’ judgment and are subject to change without notice.

This presentation is not to be construed as an offer to buy or sell or a solicitation of an offer to buy or sell any financial instruments or to participate in any particular transaction, nor shall this presentation form the basis of any contract. It does not constitute and should not be construed as an endorsement or recommendation of any entities’ products or services.

No part of this material may be copied or duplicated in any form or by any means, or redistributed, without Harris Williams’ prior written consent.



Appendix

Public Market Operational & Valuation Metrics

As of September 30, 2022

\$ in Millions

<i>\$ in Millions</i>	Market	Enterprise	% of 52-Week	Revenue Growth		EBITDA Margin		Enterprise Value / Revenue		Enterprise Value / EBITDA	
Company	Capitalization	Value	High	LTM	NTM	LTM	NTM	LTM	NTM	LTM	NTM
HCM Platforms											
Oracle Corporation	\$164,655	\$245,438	57.4%	8.1%	13.8%	41.7%	44.1%	5.6x	4.9x	13.3x	11.1x
Intuit Inc.	109,174	113,433	54.0%	32.1%	14.6%	25.5%	37.8%	8.9x	7.8x	35.0x	20.6x
SAP SE	96,082	104,754	64.8%	(4.3%)	1.1%	21.4%	30.9%	3.4x	3.4x	15.9x	10.9x
Workday, Inc.	38,971	37,106	49.5%	21.4%	19.2%	3.1%	25.1%	6.5x	5.5x	NM	21.8x
Ceridian HCM Holding Inc.	8,553	9,447	42.9%	24.3%	16.9%	2.4%	17.6%	8.3x	7.1x	NM	40.6x
The Sage Group plc	7,885	8,740	80.9%	(5.7%)	(5.4%)	26.1%	23.8%	3.6x	3.8x	13.8x	16.0x
Median	\$67,526	\$70,930	55.7%	14.8%	14.2%	23.4%	28.0%	6.0x	5.2x	14.9x	18.3x
Talent Acquisition & Management											
Recruit Holdings Co., Ltd.	\$46,294	\$42,216	50.9%	1.3%	2.9%	16.9%	15.9%	1.9x	1.8x	11.1x	11.5x
SEEK Limited	4,372	5,295	53.1%	35.0%	1.0%	35.8%	45.4%	6.9x	6.8x	19.2x	15.0x
First Advantage Corporation	1,966	2,179	52.2%	32.8%	7.0%	28.9%	31.4%	2.7x	2.6x	9.5x	8.1x
ZipRecruiter, Inc.	1,879	1,742	50.2%	71.3%	(2.0%)	9.5%	19.9%	1.9x	2.0x	20.3x	9.9x
Upwork Inc.	1,778	1,693	22.0%	27.8%	20.1%	NM	NM	3.0x	2.5x	NM	NM
Sterling Check Corp.	1,700	2,159	61.3%	36.0%	11.2%	13.3%	28.2%	2.9x	2.6x	21.9x	9.3x
HireRight Holdings Corporation	1,212	1,806	78.4%	35.8%	3.6%	19.6%	24.5%	2.2x	2.1x	11.2x	8.6x
Fiverr International Ltd.	1,136	1,181	15.3%	29.4%	10.4%	NM	8.5%	3.6x	3.3x	NM	38.4x
Learning Technologies Group plc	921	1,124	48.6%	166.9%	23.5%	14.7%	20.3%	2.0x	1.6x	13.8x	8.1x
Docebo Inc.	894	685	36.2%	50.6%	35.8%	NM	1.9%	5.5x	4.1x	NM	NM
Franklin Covey Co.	629	603	83.9%	23.9%	10.1%	12.0%	16.0%	2.4x	2.2x	19.9x	13.5x
DHI Group, Inc.	246	281	71.1%	24.0%	17.7%	13.4%	20.7%	2.1x	1.8x	15.4x	8.5x
Median	\$1,456	\$1,718	51.5%	33.9%	10.2%	14.7%	20.3%	2.6x	2.3x	15.4x	9.6x

Public Market Operational & Valuation Metrics (Cont.)

As of September 30, 2022

\$ in Millions

<i>\$ in Millions</i>	Market Capitalization	Enterprise Value	% of 52-Week High	Revenue Growth		EBITDA Margin		Enterprise Value / Revenue		Enterprise Value / EBITDA	
Company				LTM	NTM	LTM	NTM	LTM	NTM	LTM	NTM
Workforce Management - Payroll											
Automatic Data Processing, Inc.	\$93,935	\$96,089	86.5%	9.9%	8.5%	26.5%	27.3%	5.8x	5.4x	22.0x	19.7x
Paychex, Inc.	40,441	40,090	79.1%	12.5%	6.6%	44.0%	44.5%	8.5x	7.9x	19.2x	17.8x
Paycom Software, Inc.	19,095	18,845	59.0%	30.0%	24.4%	29.3%	40.7%	15.6x	12.5x	53.2x	30.7x
Paylocity Holding Corporation	13,354	13,292	76.8%	34.1%	27.6%	12.9%	29.0%	15.6x	12.2x	NM	42.1x
Paycor HCM, Inc.	5,192	5,059	79.0%	21.7%	19.7%	NM	25.4%	11.8x	9.8x	NM	38.8x
Median	\$19,095	\$18,845	79.0%	21.7%	19.7%	27.9%	29.0%	11.8x	9.8x	22.0x	30.7x
Workforce Management - Benefits											
HealthEquity, Inc.	\$5,678	\$6,503	90.7%	7.3%	11.8%	21.6%	32.3%	8.2x	7.3x	37.8x	22.7x
Alight, Inc.	3,414	6,925	61.1%	NM	96.5%	22.7%	21.8%	4.2x	2.2x	18.7x	9.9x
Benefitfocus, Inc.	217	446	48.6%	(4.1%)	(0.9%)	3.8%	16.6%	1.7x	1.8x	45.9x	10.6x
Median	\$3,414	\$6,503	61.1%	1.6%	11.8%	21.6%	21.8%	4.2x	2.2x	37.8x	10.6x
Workforce Management - HR Services											
Robert Half International Inc.	\$8,248	\$7,907	60.8%	30.8%	5.6%	14.5%	12.2%	1.1x	1.0x	7.6x	8.6x
TriNet Group, Inc.	4,424	4,523	65.1%	14.3%	(71.4%)	12.4%	35.2%	0.9x	3.3x	7.6x	9.4x
Insperty, Inc.	3,882	3,769	78.9%	21.5%	15.2%	4.2%	5.3%	0.7x	0.6x	16.3x	11.1x
Hays plc	1,830	1,695	59.2%	2.6%	(4.7%)	3.5%	4.4%	0.2x	0.2x	6.0x	5.0x
Kforce Inc.	1,180	1,164	72.0%	12.1%	3.7%	7.1%	7.6%	0.7x	0.7x	9.9x	8.9x
TrueBlue, Inc.	624	656	58.0%	17.9%	(2.6%)	4.9%	4.9%	0.3x	0.3x	5.8x	6.0x
Median	\$2,856	\$2,732	63.0%	16.1%	0.5%	6.0%	6.5%	0.7x	0.6x	7.6x	8.7x
Total Comp Set Median	\$4,398	\$5,177	59.1%	21.7%	10.2%	14.6%	21.8%	3.5x	3.3x	15.9x	11.3x

Recent Sector Transaction Detail

Closed Date	Target	Acquirer	Business Description
Sep-22	Rotaready	Access Group	Provider of staff management software designed to build intelligent rotation schedules
Sep-22	Knoetic	EQT	Provider of people analytics software designed to help enterprises make important workforce decisions
Sep-22	Worksphere	Envoy	Provider of workplace management platform designed to manage a hybrid workplace
Sep-22	Atlas	Sixth Street	Provider of employer of record (EOR) software and services enabling global talent management
Sep-22	HRSoft	Bow River	Provider of compensation management software to simplify and systematically control the compensation development and allocation process
Sep-22	Reejig	Salesforce Ventures	Provider of a workforce intelligence platform designed to find, recruit, and manage the workforce
Sep-22	Welcome	BambooHR	Provider of a compensation planning platform designed to streamline the hiring process
Sep-22	Namely	PrismHR	Provider of a human capital management platform offering payroll, benefits, human resource information, and talent management solutions
Aug-22	Our Tandem	Beqom	Provider of a performance management platform designed to harness feedback and promote personal development
Aug-22	ModernLoop	Accel	Provider of an online interview scheduling platform designed to enhance the candidate experience and streamline recruiting operations
Aug-22	iCIMS	TA Associates	Provider of talent acquisition software empowering employers to build a diverse and qualified workforce
Aug-22	HiBob	General Atlantic	Provider of an HR platform offering employee records, compensation and performance management, attendance, and time-off scheduling solutions
Aug-22	SumTotal Systems	Cornerstone	Provider of learning, performance, and talent development solutions
Aug-22	Pymetrics	Harver	Provider of an AI-based talent platform using a combination of neuroscience and machine learning data to enhance the recruitment process
Aug-22	TalentReef	Mitrtech	Provider of a recruiting and talent management platform purpose-built for location-based, high-volume hourly hiring
Aug-22	KinHR	Wagepoint	Provider of employee management software for small businesses
Aug-22	Lever	Employ	Provider of a recruitment platform offering ATS, CRM, and hiring services solutions
Jul-22	Radancy	New Mountain Capital	Provider of an end-to-end enterprise talent acquisition platform designed to automate and optimize the candidate journey
Jul-22	SourceBreaker	Bullhorn	Provider of an AI-driven candidate search solution to optimize and automate the recruitment process
Jul-22	Robin	Tola Capital	Provider of a workforce management platform for managing flexible and hybrid workplaces
Jul-22	Codility	Undisclosed	Provider of a technical interview platform for evaluating the coding skills of developers