



HR Technology Sector

Quoted Company Analysis

Fourth Quarter 2016

Sector Valuation Metrics

Company	Share Price Local	Market Cap (\$m) ⁽¹⁾	Net Debt (\$m) ⁽²⁾	Enterprise Value (\$m)	Revenue		EV/Revenue		EV/Revs		EV/EBITDA		Revenue Growth		EBITDA Margin		% Revs	
	31-Dec-16				CY16E (\$m)	CY2015	CY2016E	Recurring	CY2015	CY2016E	CY2015	CY2016E	CY2015	CY2016E	CY2015	CY2016E	Recurring ⁽³⁾	
Selected Large Cap																		
ADP	102.78	46,372	(1,215)	45,157	12,095	4.0x	3.7x	3.7x	18.2x	17.3x	6.7%	7.3%	22.0%	21.6%	100%			
Paychex	0.61	21,846	(352)	21,494	3,076	7.5x	7.0x	7.1x	17.6x	16.3x	7.7%	7.2%	42.6%	42.8%	99%			
Ultimate Software	182.35	5,288	(121)	5,167	781	8.4x	6.6x	7.9x	79.4x	27.7x	22.2%	26.4%	10.5%	23.9%	84%			
SEEK Ltd	14.88	3,735	170	3,906	729	5.5x	5.4x	5.6x	9.8x	10.6x	-3.6%	10.5%	56.5%	50.8%	95%			
Paycom Software	45.49	2,734	(25)	2,710	328	12.1x	8.3x	8.4x	61.8x	30.4x	48.8%	45.9%	19.5%	27.2%	98%			
Wageworks	72.50	2,657	(422)	2,235	368	6.7x	6.1x	6.4x	47.9x	20.7x	24.8%	9.9%	13.9%	29.4%	95%			
Healthequity	40.52	2,406	(124)	2,282	173	18.5x	13.2x	13.5x	67.6x	38.4x	44.3%	40.0%	27.3%	34.3%	97%			
Cornerstone Ondemand	42.31	2,377	(12)	2,365	423	7.0x	5.6x	5.9x	NM	68.2x	28.9%	24.6%	-12.1%	8.2%	95%			
CEB Inc	60.60	1,953	448	2,401	953	2.6x	2.5x	2.7x	11.2x	9.7x	2.1%	2.7%	23.2%	25.8%	92%			
Trinet Group	25.62	1,763	334	2,097	639	0.8x	3.3x	3.9x	16.0x	11.5x	21.2%	-76.0%	4.9%	28.6%	85%			
Xero	17.50	1,671	(127)	1,544	193	11.8x	8.0x	8.2x	NM	NM	39.9%	50.2%	-32.9%	-16.2%	97%			
Paylocity	30.01	1,541	(86)	1,454	263	7.6x	5.5x	5.8x	NM	58.4x	51.1%	27.9%	1.3%	9.5%	96%			
Insperty	70.95	1,510	(279)	1,230	2,944	0.5x	0.4x	0.4x	14.6x	8.9x	10.4%	13.1%	3.2%	4.7%	100%			
Average								7.1x	5.8x	34.4x	26.5x		13.8%	22.4%	94.9%			
Total (Large Cap)		95,853	(1,812)	94,041														
Selected Mid Cap																		
Benefitfocus	29.70	884	(23)	860	234	4.6x	3.7x	3.9x	NM	NM	34.7%	26.3%	-23.0%	-0.9%	95%			
Zhaopin Ltd	15.11	839	(233)	605	249	2.7x	2.4x	2.7x	11.8x	12.3x	15.1%	10.2%	23.2%	19.8%	89%			
Healthstream	25.05	795	(149)	646	228	3.1x	2.8x	3.2x	21.1x	20.9x	22.4%	9.1%	14.6%	13.6%	90%			
GB Group Plc	272.75	452	(12)	439	110	4.1x	4.0x	7.0x	22.5x	19.4x	19.8%	-0.6%	18.4%	20.5%	57%			
China Distance Education Holdings Ltd	10.75	385	(39)	346	121	3.1x	2.8x	3.3x	NA	NA	8.7%	13.1%	NA	NA	87%			
Xactly Corp	11.00	345	(32)	312	94	4.2x	3.3x	4.4x	NM	NM	24.3%	25.4%	-22.6%	-8.6%	76%			
Jive Software	4.35	340	(109)	231	202	1.2x	1.1x	1.2x	NM	20.1x	9.6%	3.2%	-9.7%	5.7%	92%			
Freelancer Technology	1.00	332	(24)	309	41	10.7x	7.6x	NA	NM	NM	23.6%	40.9%	-8.4%	0.7%	NA			
DHI Group	6.25	311	67	378	227	1.5x	1.7x	1.8x	12.8x	6.5x	-1.1%	-12.7%	11.4%	25.6%	93%			
Average								3.9x	3.3x	17.1x	15.9x		0.5%	9.5%	84.8%			
Total (Mid Cap)		4,682	(556)	4,127														
Selected Small Cap																		
Atoss Software AG	52.11	219	(26)	193	54	3.9x	3.5x	4.1x	14.4x	12.8x	-5.4%	9.2%	26.8%	27.7%	86%			
Learning Technologies Group Plc	34.50	179	(11)	169	37	5.5x	4.5x	5.6x	32.8x	16.7x	23.8%	22.7%	16.9%	27.0%	80%			
Halogen Software	8.30	132	(36)	96	72	1.5x	1.3x	1.5x	NM	13.2x	28.0%	9.5%	-4.7%	10.1%	92%			
Assima plc	3.00	25	(8)	17	NA	0.6x	NA	NA	3.2x	NA	7.0%	NA	17.3%	NA	26%			
Service Power	5.75	16	(2)	15	18	0.7x	0.8x	0.8x	NM	20.9x	-5.3%	-11.5%	-3.4%	4.0%	98%			
Viadeo	NA	11	(9)	2	27	0.1x	0.1x	0.2x	7.0x	NM	-23.1%	-1.5%	0.9%	-0.1%	41%			
ComOps	0.01	7	(2)	5	NA	0.9x	NA	NA	6.5x	NA	9.7%	NA	13.7%	NA	57%			
Rision Ltd	0.01	6	(2)	4	NA	NM	NA	NA	NA	NA	NA	NA	NA	NA	73%			
Average								1.9x	2.1x	12.8x	15.9x		9.6%	13.7%	69.1%			
Total (Small Cap)		594	(95)	500														
Sector Total		101,130	(2,462)	98,668														

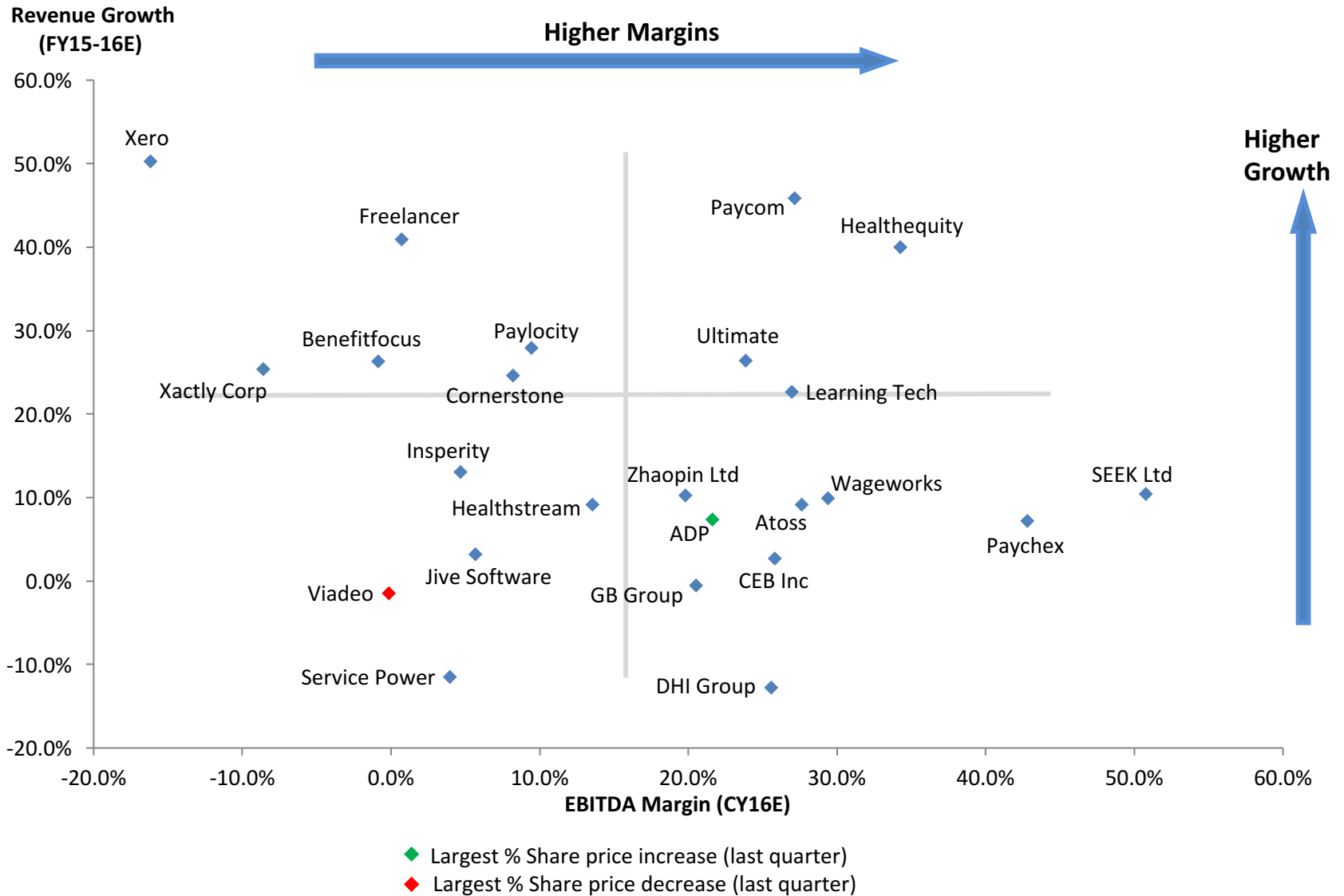
(1) Excludes treasury shares

(2) Net financial debt minus marketable securities and collaterals.

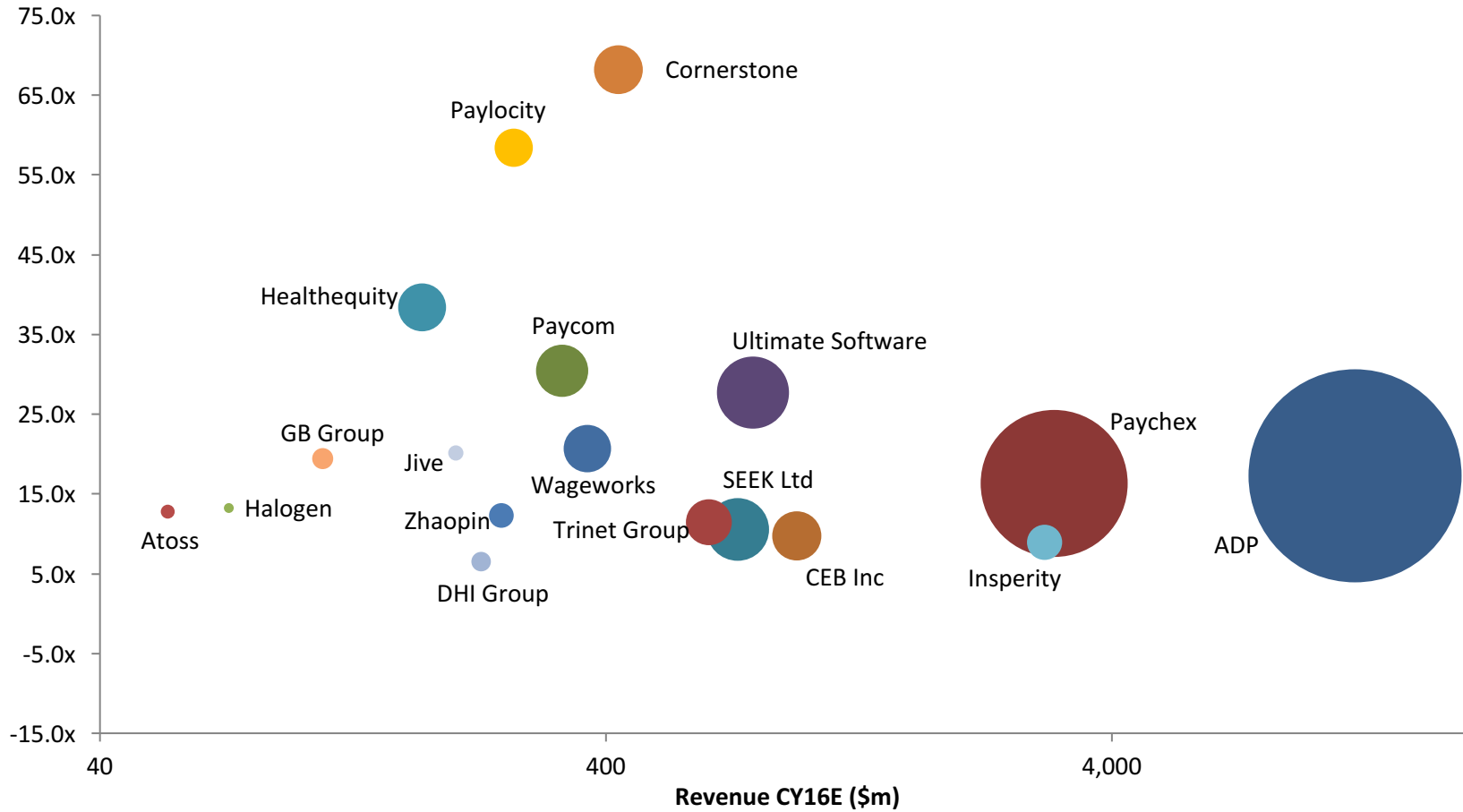
(3) Recurring revenues (renewing licences, maintenance, subscriptions, SaaS etc) where reported for last full year

(4) NM - Not meaningful and NA - Not available

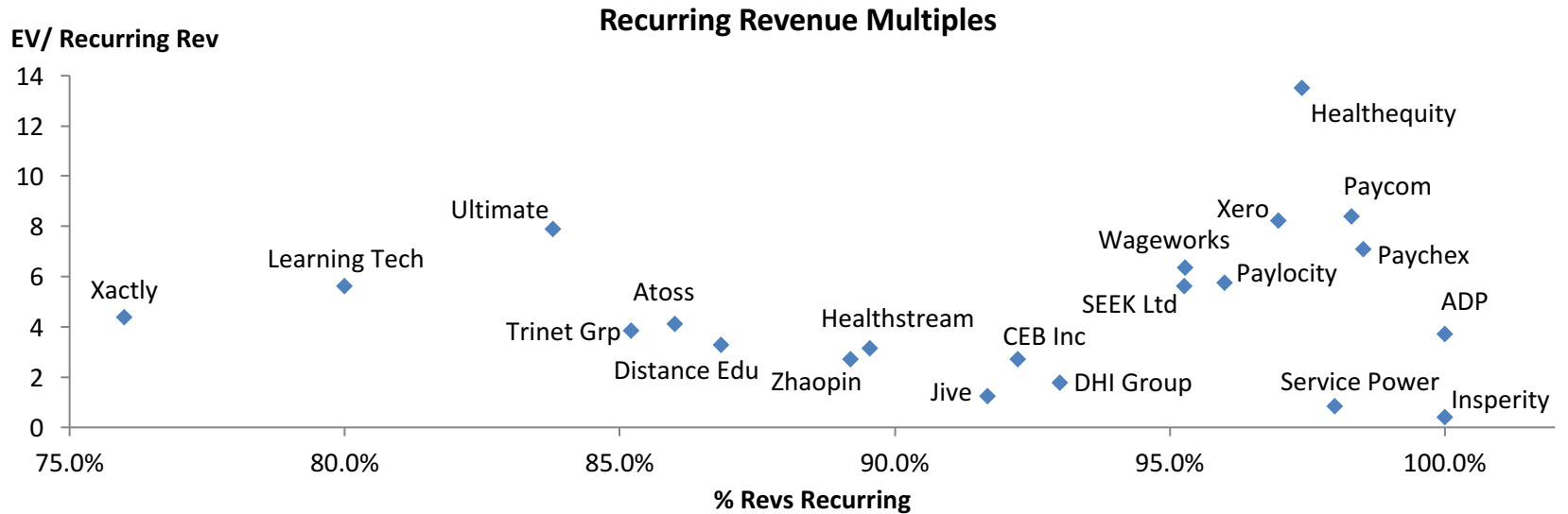
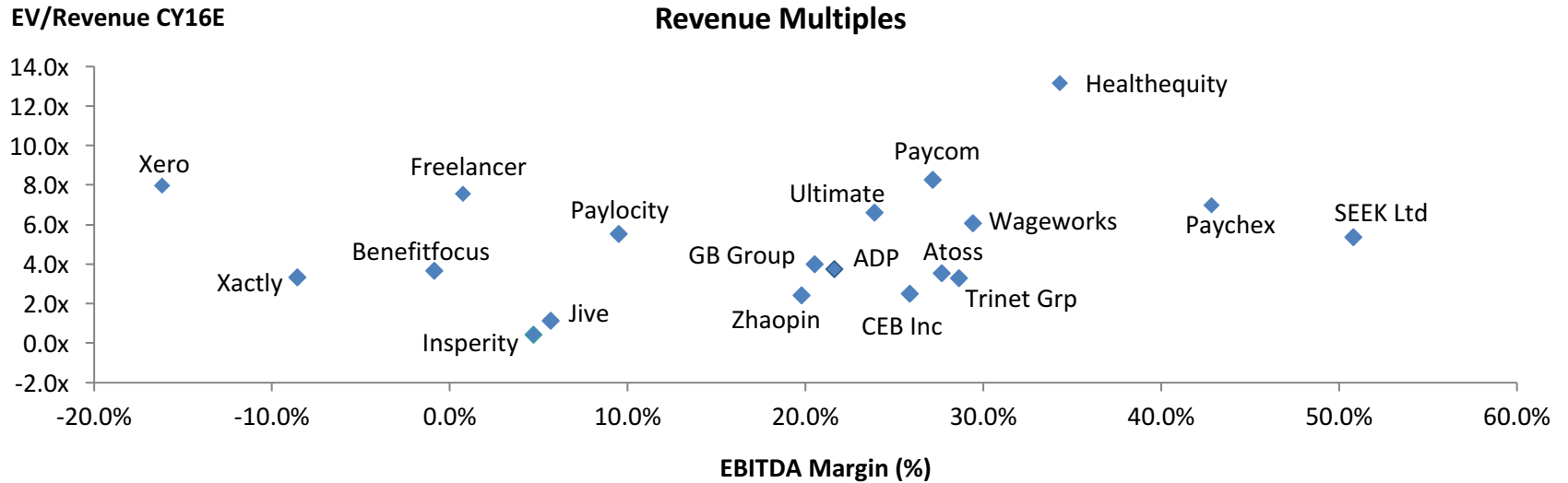
Performance Quadrants: Revenue Growth & Operating Margin



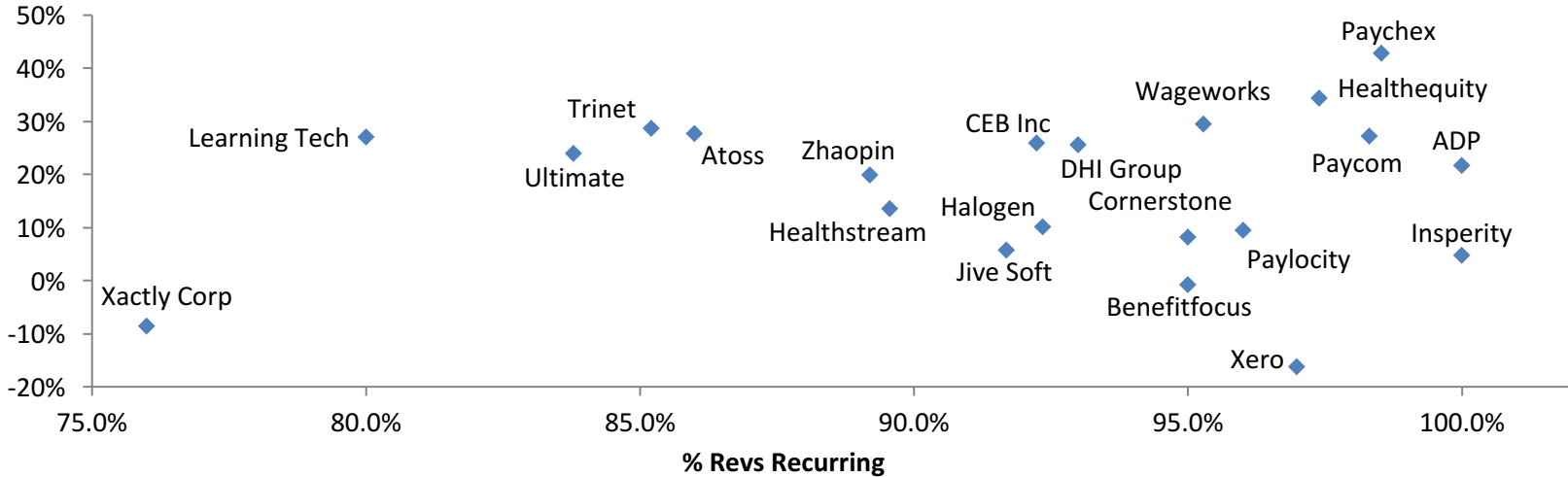
EV/EBITDA CY16E



Note: Bubble size depicts enterprise value

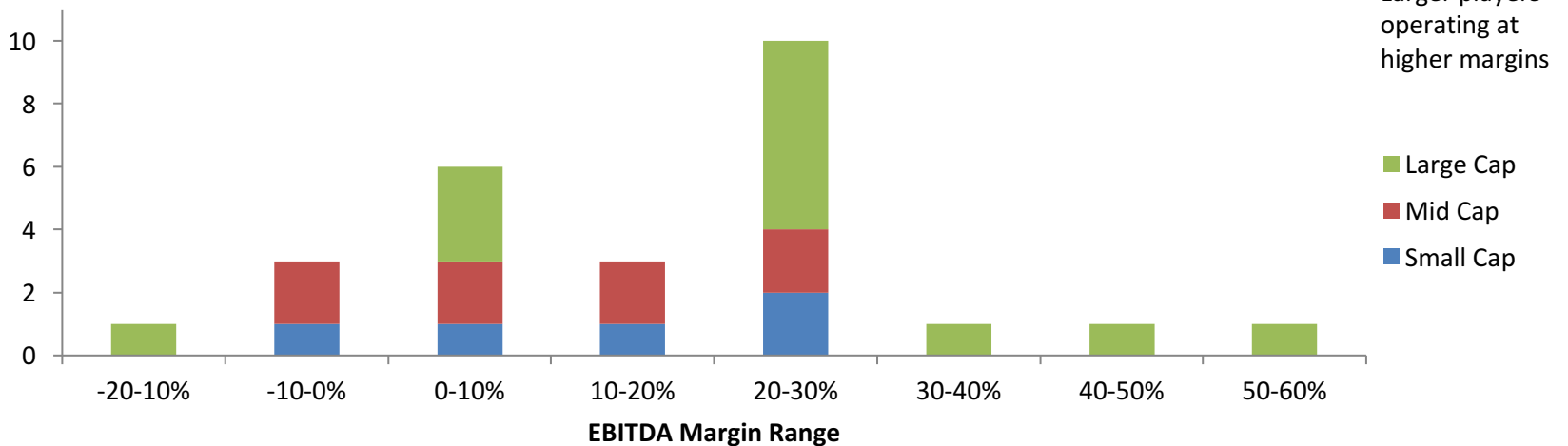


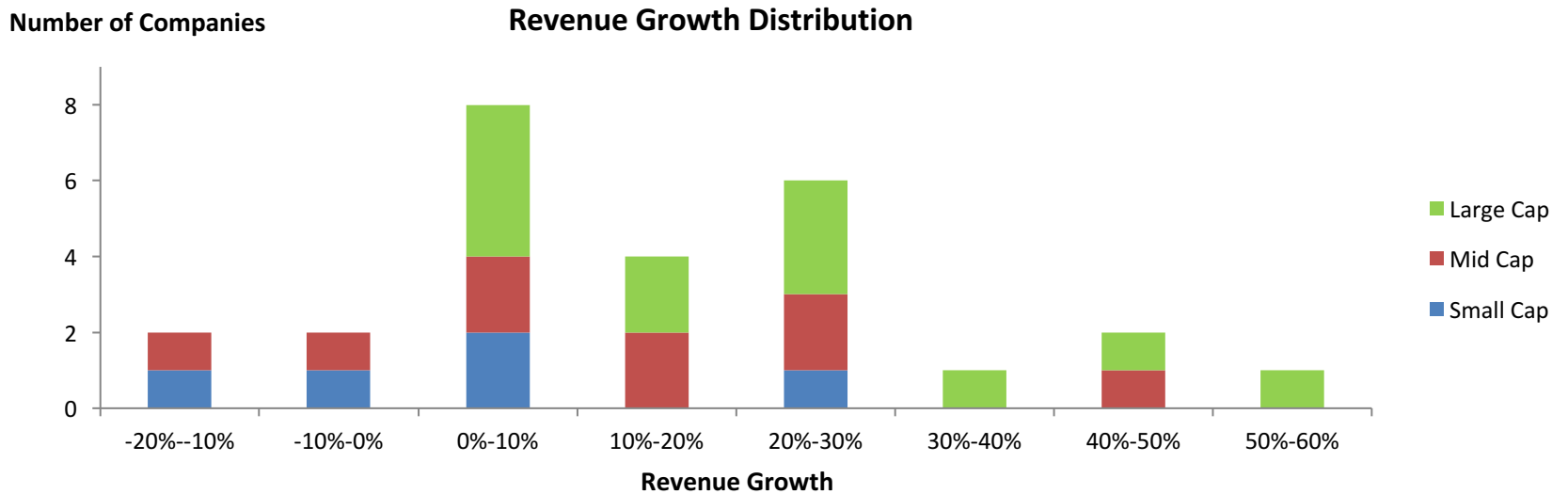
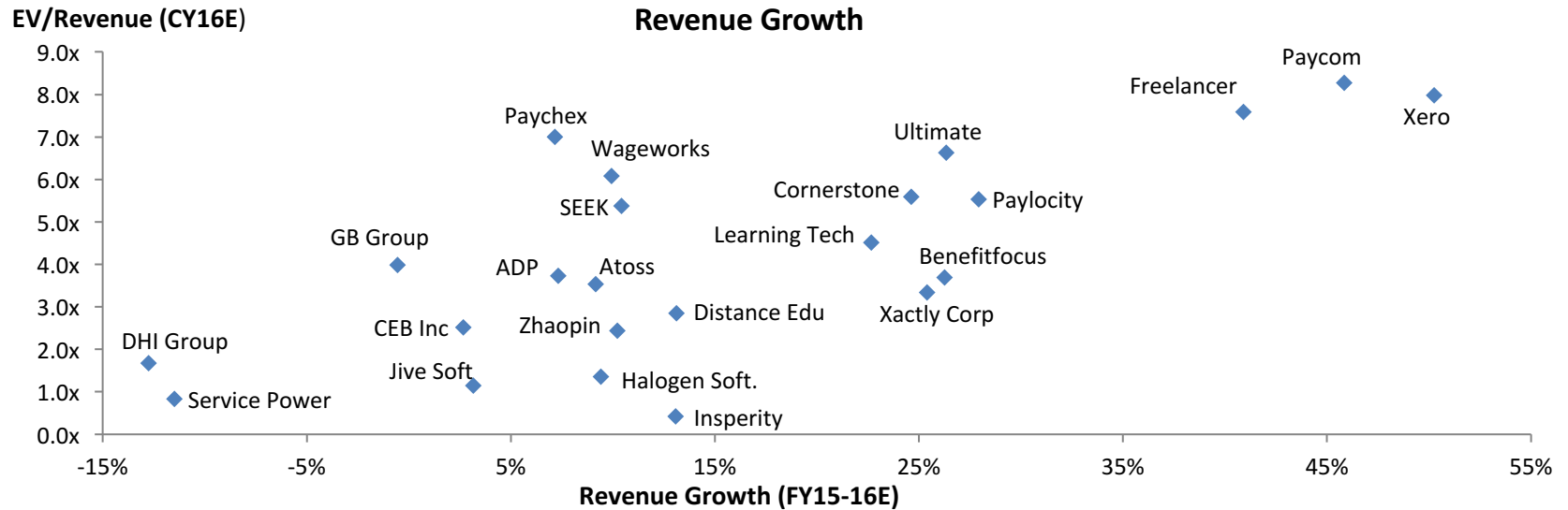
EBITDA Margin CY16E



Number of Companies

EBITDA Margin Range Distribution





Selected HRtech Deals – Fourth Quarter 2016

Date Announced	Buyer	Seller	Target Product Line	Deal Size	Seller Revenue/ Profit	Revenue Multiple	Target Sector	Commentary
21/12/2016	Halyard Capital [USA]	StratEx Partners LLC [USA]	Provides HR SaaS to businesses. Features include management of payroll, benefits and unemployment claims; tracking of job applicants; and employee performance management.	Not disclosed	n/a	n/a	Human resources SaaS	The acquisition is reflective of Halyard's continued focus on the HCM space. They will look to accelerate growth through investment in products, capabilities and people
20/12/2016	Contego Fraud Solutions Ltd [UK]	Working Status Ltd [UK]	Provides a comprehensive software solution for Right-to-Work compliance and Human Resources management	Not disclosed	n/a	n/a	Human resources management and compliance software	The purchase strengthens Contego's position as a leading RegTech platform. Contego have alluded to the possibility of further acquisitions that fit their growth plans for this space
20/12/2016	Reward Gateway Ltd [UK]	LogBuy Ltd [UK]	Provides benefits programmes to more than 200 organisations in the UK, including Philips Electronics, Carlsberg, GlaxoSmithKline, Grass Roots and Laing O'Rourke	Not disclosed	n/a	n/a	Employee benefits	The benefit programmes of both companies will be combined following the acquisition. This marks the sixth acquisition in the RG Engagement Group's portfolio
19/12/2016	Engage2Excel Inc. [USA]	Decision Toolbox [USA]	Provides outsourced employee recruiting process services for businesses. Services include employee recruitment, vetting, applicant tracking and candidate sourcing.	Not disclosed	n/a	n/a	Outsourced recruitment process services	This deal significantly enhances Engage2Excel's Talent Acquisition division which launched in July 2016.
15/12/2016	Mercer LLC [Marsh & McLennan] [USA]	Thomsons Online Benefits Limited [UK]	Provides employee benefit and enrollment management SaaS for businesses globally.	Not disclosed	2015 revenue: £30.7m	n/a	Employee benefit SaaS	The acquisition will see the consulting and broking capabilities of Mercer combined with Thomsons' Darwin™ benefits software platform
13/12/2016	IQNavigator [GTCR LLC] [USA]	Beeline [Adecco Group North America] [USA]	The vendor management software and related assets of Beeline, which provides vendor management systems (VMS) for businesses globally. Software provides spending management, procurement cycle automation and quality control monitoring.	Not disclosed	n/a	n/a	Vendor management system SaaS	IQNavigator and Beeline have entered a definitive merger agreement. Private Equity group GTCR, owner of IQNavigator, purchased the software and assets of Beeline. The combined company creates one of the world's largest vendor management system providers
12/12/2016	Zapoint Inc [USA]	Matchpoint Careers Inc [USA]	An online platform that matches people and jobs using psychometrics, job profiling and social networking features.	Not disclosed	n/a	n/a	Online job platforms	The deal further increases Zapoint's share in the talent management market. This is a strategic move to combine Zapoint's career management solutions with Matchpoint's psychometric science technology

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Date Announced	Buyer	Seller	Target Product Line	Deal Size	Seller Revenue/ Profit	Revenue Multiple	Target Sector	Commentary
08/12/2016	Leeds Equity Partners LLC [USA]	BLR [USA]	Provides Web-based compliance and training software and software development services to HR departments for businesses in the healthcare, financial, non-profit, utility and manufacturing, government and retail industries. Software provides features for compliance portals, employee training and leave management.	Not disclosed	n/a	n/a	Web-based compliance and training software	Leeds Equity have created a new entity, Simplify Compliance, through the merger of BRL, DecisionHealth, Argosy and CCMI. The strategic combination will be led by Dan Oswald, current CEO of BLR, and hopes to create a leading provider of workflow solutions and services
06/12/2016	Yoh Services LLC [Day & Zimmermann Inc.] [USA]	DreamJobs [USA]	Provides enterprise recruiting software, software development and consulting services to businesses in the consumer goods, manufacturing, hospitality, logistics, financial services, healthcare, government, defense, technology and energy industries.	Not disclosed	n/a	n/a	Enterprise recruiting software and services	The deal increases Yoh's recruitment process outsourcing capabilities by adding an experienced team and leaders from DreamJobs
05/12/2016	Mercer LLC [USA]	Sirota Consulting LLC [USA]	Provides employee engagement solutions	Not disclosed	n/a	n/a	HR employee surveying services	The acquisition adds to Mercer's consulting strength and bolsters its contribution to employee engagement
23/11/2016	Symphony Technology Group LLC [USA]	Tempbuddy Ltd [IRE]	Provider of contingent workforce software that helps agencies get their people to the right place at the right time.	Not disclosed	n/a	n/a	Contingent workforce software provider	Tempbuddy is the latest edition to Symphony's HCM Technology portfolio which includes, First Advanantage, Bond International and Symphony Talent
17/11/2016	Investors include: Spark Capital, True Ventures, Lowercase Capital	Stryder Corp (aka Handshake) [USA]	Operates an online platform that supports recruiters	\$20.0m series B funding	n/a	n/a	College recruiting platforms	\$20m series B funding round led by Spark Capital. The funding will be used to grow staff and manage widespread demand for the platform
14/11/2016	Investors include: Canaan Partners, General Catalyst, Redpoint Ventures	Zugata Inc [USA]	Develops mobile performance review software	\$7.0m series A funding	n/a	n/a	Performance management	\$7m series A funding round led by Canaan Partners. Zugata plan to use the funding for hiring and international expansion
27/10/2016	Goldman Sachs [USA]	Talentsoft SA [FRA]	Provides workforce management, training and compensation management SaaS for businesses globally.	25.0m EUR funding round	TTM revenue: c.40.0m EUR	1.6x	Workforce management SaaS	Funding round led exclusively by Goldman Sachs' Merchant Banking Division. The funding is intended to support international growth, product development and hiring
25/10/2016	Private Group Led by Debbie Guppy & LDC [UK]	Mitrefinch Ltd [UK]	Develops human capital management (HCM) software	\$24.5m	TTM revenue: \$20.1m	1.2x	Employee management software and SaaS	The management buyout will see LDC take a significant stake in the company. Mitrefinch plans to use the investment to expand its nascent business in Canada, USA and Australia

Selected HRtech Deals – Fourth Quarter

Date Announced	Buyer	Seller	Target Product Line	Deal Size	Seller Revenue/ Profit	Revenue Multiple	Target Sector	Commentary
25/10/2016	Kronos Inc. [Hellman & Friedman/JMI] [USA]	Datamatics Management Services Inc. [USA]	Provides enterprise-grade employee tracking and labour management SaaS and software development services to businesses in the financial, manufacturing, public sector, retail, distribution and utilities industries. Software features include employee time documenting, attendance tracking, benefit management, scheduling, and payroll processing.	Not disclosed	n/a	n/a	Workforce management SaaS	The acquisition will allow Kronos to extend its suite of HCM solutions to Datamatics customers, including more than 300 organisations. Kronos will continue to support Datamatics customers through a dedicated team of Datamatics employees
20/10/2016	Serent Capital [USA]	Apex Payroll Software [USA]	Provides payroll and workforce management SaaS for businesses. Software also enables payroll tax, time and attendance management.	Not disclosed	n/a	n/a	Payroll management SaaS	This represents Serent's fifth investment in the HCM Technology space in the last two years. With Serent's backing, Apex will be able to invest more in its products and services
12/10/2016	Investors include: Globis Capital Partners, Mizuho Capital, SBI Investment	BizReach Inc [JAP]	Owns and operates an online talent search platform under the same name	\$11.5m series A funding	n/a	n/a	Online job platforms	This latest round of funding brings BizReach's total amount raised to \$51.2m making the company one of the best funded startups in Japan
06/10/2016	Not disclosed	Be Rota Ltd [UK]	Provides a mobile application for staff vacancies for restaurant and bar workers in London	£500,000 development funding	n/a	n/a	Temporary staff scheduling mobile application	Be Rota raised £500,000 in development capital from confidential investors.
05/10/2016	StoneCalibre LLC [USA]	Trivantis Corporation Inc. [USA]	Provides on-premise and cloud-based authoring e-learning SaaS for enterprises. Software provides features for responsive course designing (RCD), adding and editing visual effects, audio and video closed captioning, mobile learning courses, and HTML5 and Flash game creation. Software also provides features for learning management systems (LMS) and online training. Software is also accessible via mobile application, and can integrate with Camtasia and Snagit mobile applications.	Not disclosed	n/a	n/a	e-Learning software and SaaS	Through this acquisition StoneCalibre will look to drive growth in the rapidly expanding global e-learning market. Trivantis serves over 2,500 commercial and government customers worldwide and is a recognised leader in the e-Learning software industry

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