



HR Technology Sector

Quoted Company Analysis

Third Quarter 2017

Sector Valuation Metrics

Company	Share Price	Market Cap (\$m) ⁽¹⁾	Net Debt (\$m) ⁽²⁾	Enterprise Value (\$m)	Revenue		EV/Revenue		EV/Revs		EV/EBITDA		Revenue Growth		EBITDA Margin		% Revs
	Local 30-Sep-17				CY17E (\$m)	CY2016	CY2017E	Recurring	CY2016	CY2017E	CY2016	CY2017E	CY2016	CY2017E	CY2016	CY2017E	Recurring ⁽³⁾
Selected Large Cap																	
ADP	109.32	48,586	(784)	47,802	12,719	4.0x	3.8x	3.9x	18.7x	17.7x	6.1%	5.5%	21.3%	21.2%	97%		
Workday	105.39	21,921	(1,462)	20,459	2,057	13.3x	9.9x	12.0x	NM	74.8x	35.0%	33.9%	-14.9%	13.3%	83%		
Paychex	0.60	21,503	(323)	21,180	3,266	6.9x	6.5x	6.6x	16.0x	14.9x	6.8%	6.3%	43.1%	43.5%	98%		
Ultimate Software	189.60	5,655	(89)	5,566	936	7.1x	5.9x	6.8x	80.9x	26.3x	26.4%	19.8%	8.8%	22.6%	87%		
SEEK Ltd	16.61	4,567	185	4,752	871	6.4x	5.5x	6.3x	11.3x	13.3x	12.9%	22.9%	56.8%	40.9%	86%		
Paycom Software	74.96	4,466	(30)	4,435	431	13.5x	10.3x	10.5x	61.9x	35.7x	46.5%	31.0%	21.8%	28.8%	98%		
Xero	30.90	3,088	(80)	3,008	273	15.7x	11.0x	11.2x	NM	NM	49.1%	40.6%	-13.4%	2.2%	98%		
Healthequity	50.58	3,060	(180)	2,879	223	16.5x	12.9x	17.1x	54.6x	35.8x	40.7%	27.3%	30.3%	36.0%	75%		
Paylocity	48.82	2,526	(103)	2,423	335	9.1x	7.2x	7.5x	NM	48.6x	30.0%	23.2%	7.3%	14.9%	96%		
Wageworks	60.70	2,410	(429)	1,980	482	5.4x	4.1x	4.3x	48.0x	13.7x	9.1%	32.2%	11.3%	30.0%	96%		
Cornerstone OnDemand	40.61	2,338	(64)	2,275	481	5.4x	4.7x	5.7x	NM	35.3x	24.6%	13.7%	-5.7%	13.4%	83%		
Trinet Group	33.62	2,333	275	2,608	1,259	0.9x	2.1x	2.4x	16.0x	11.9x	15.1%	-58.9%	5.3%	17.4%	86%		
Insperty	88.00	1,834	(183)	1,651	3,295	0.6x	0.5x	0.5x	13.4x	9.7x	13.0%	12.0%	4.2%	5.2%	100%		
Benefitfocus	33.65	1,049	42	1,091	257	4.7x	4.2x	4.9x	NM	68.5x	26.0%	10.0%	-8.2%	6.2%	86%		
Average						7.8x	6.3x		35.7x	31.3x			12.0%	21.1%	90.7%		
Total (Large Cap)		125,338	(3,228)	122,110													
Selected Mid Cap																	
Zhaopin Ltd	18.20	859	(311)	548	NA	2.1x	NA	NA	NA	NA	18.0%	NA	NA	NA	89%		
GB Group Plc	368.00	752	(7)	745	145	6.6x	5.1x	9.9x	35.7x	24.6x	3.3%	36.0%	18.4%	20.8%	52%		
Learning Technologies Group Plc	54.92	419	10	430	67	11.2x	6.4x	9.2x	83.9x	24.0x	25.9%	74.6%	13.4%	26.8%	70%		
Atoss Software AG	73.83	347	(26)	321	65	5.9x	5.0x	5.8x	20.3x	17.2x	9.9%	17.9%	28.8%	28.9%	86%		
Average						6.4x	5.5x		46.6x	21.9x			20.2%	25.5%	74.2%		
Total (Mid Cap)		2376	(332)	2044													
Selected Small Cap																	
China Distance Education Holdings	6.71	221	(39)	182	NA	NA	NA	NA	6.0x	7.3x	8.7%	NA	NA	NA	75%		
Freelancer Technology	0.46	166	(25)	141	43	3.6x	3.2x	NA	NM	NM	35.5%	10.8%	0.1%	1.2%	NA		
DHI Group	2.60	131	62	193	210	0.8x	0.9x	1.1x	9.6x	4.6x	-12.6%	-7.5%	8.8%	20.1%	87%		
Assima plc	3.30	30	(4)	26	NA	1.1x	NA	NA	88.6x	NA	-24.4%	NA	1.2%	NA	38%		
Average						1.9x	2.1x		34.7x	5.9x			3.4%	10.7%	66.7%		
Total (Small Cap)		548	(7)	541													
Sector Total		129,007	(3,670)	125,337													

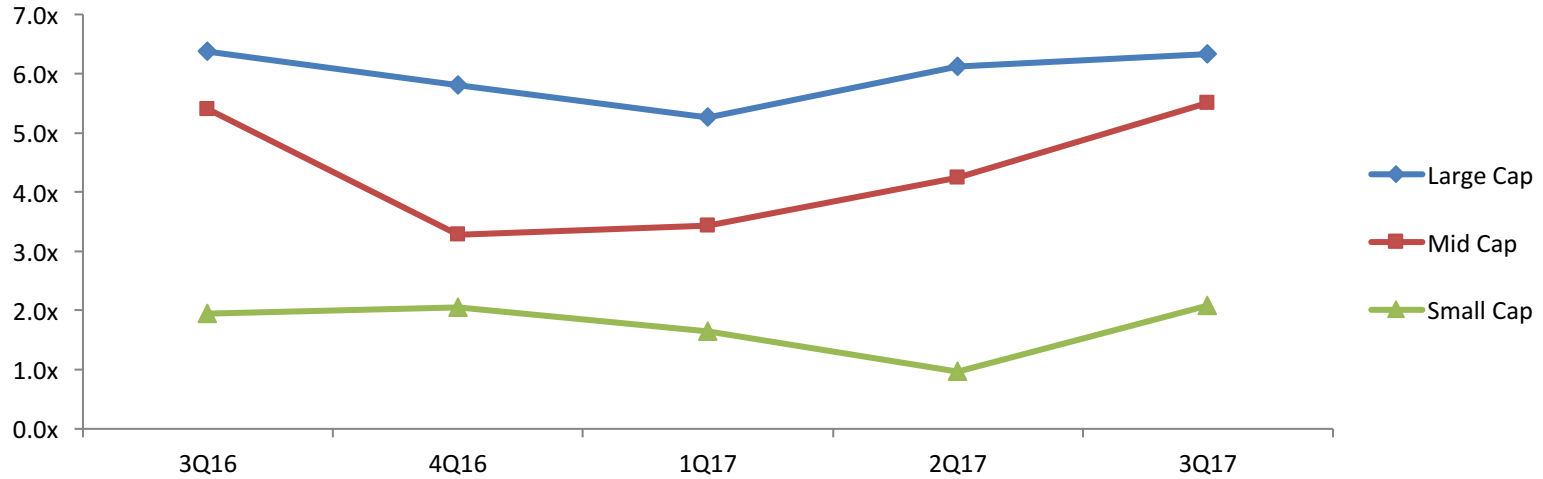
(1) Excludes treasury shares

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

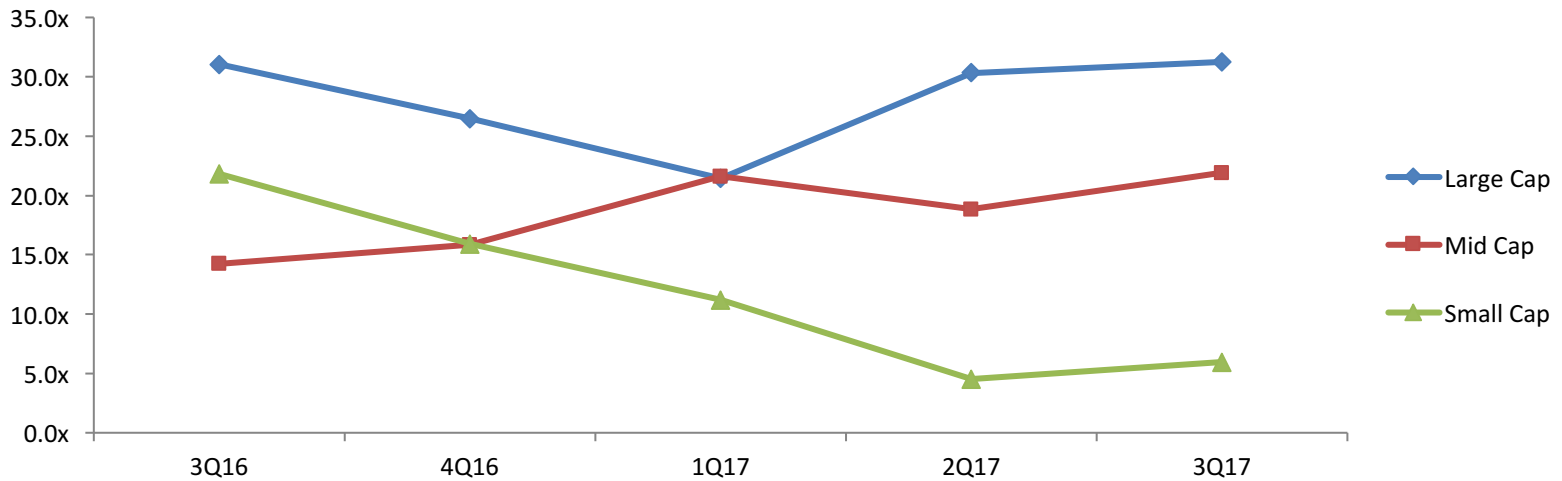
(3) Recurring revenues (renewing licences, maintenance, subscriptions, SaaS etc) where reported for last full year

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

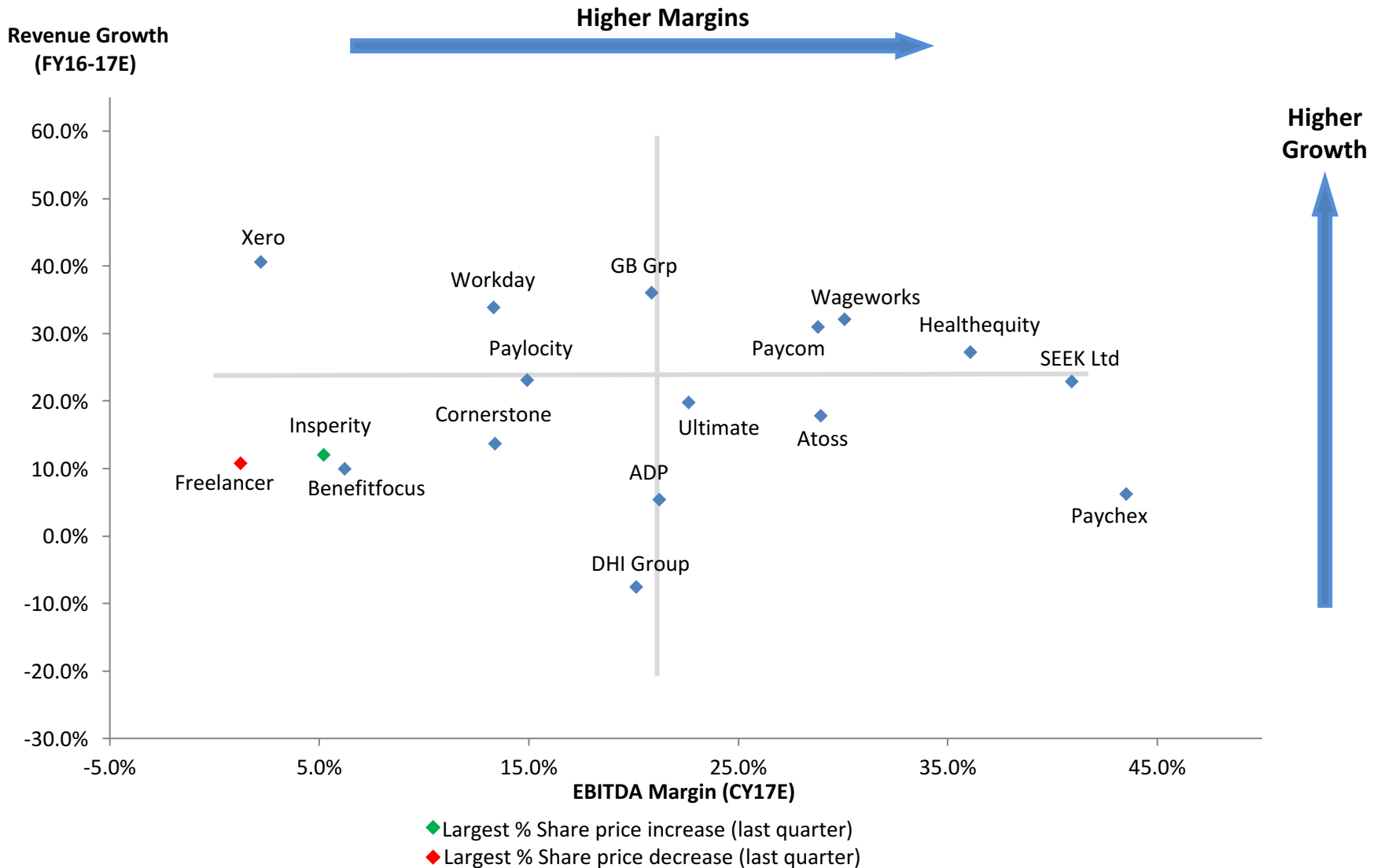
EV/Revenue



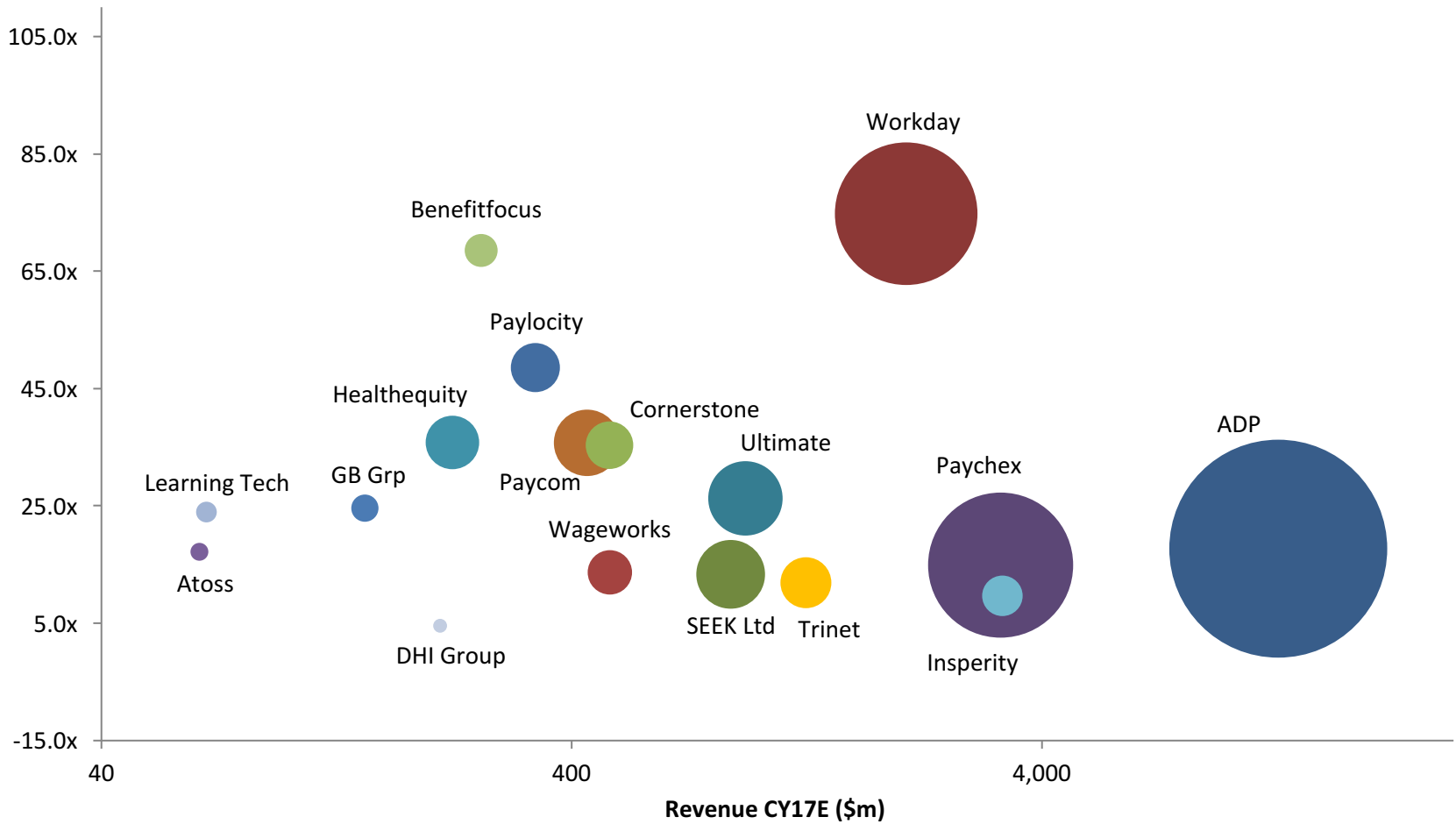
EV/EBITDA



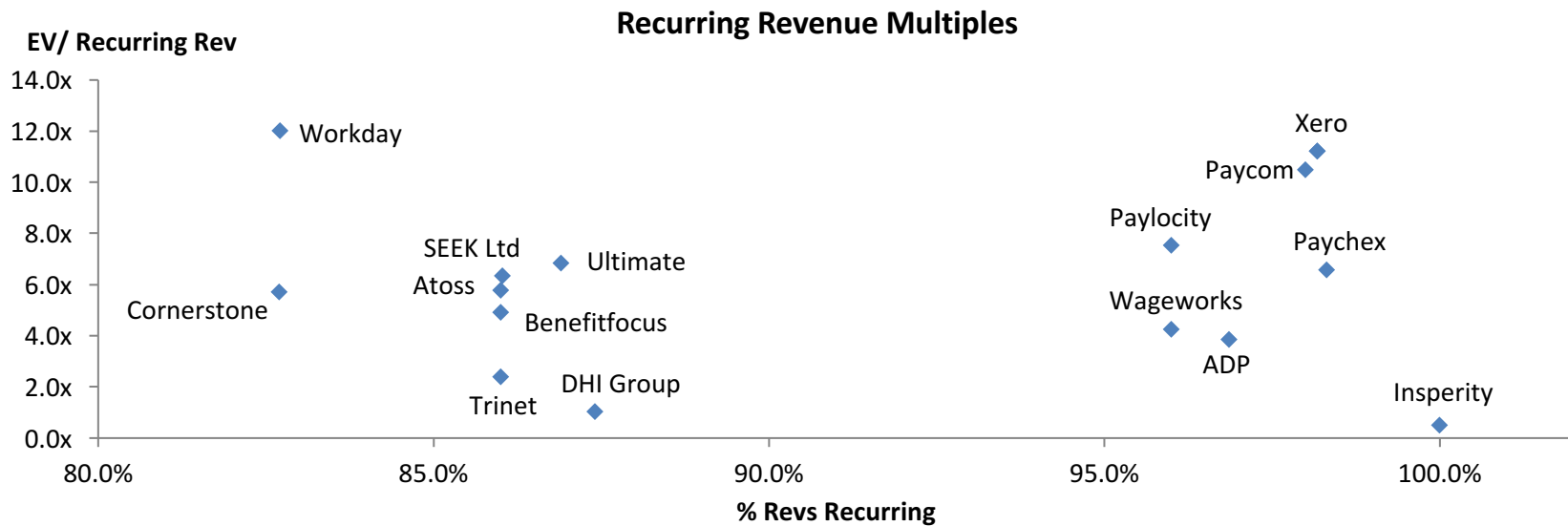
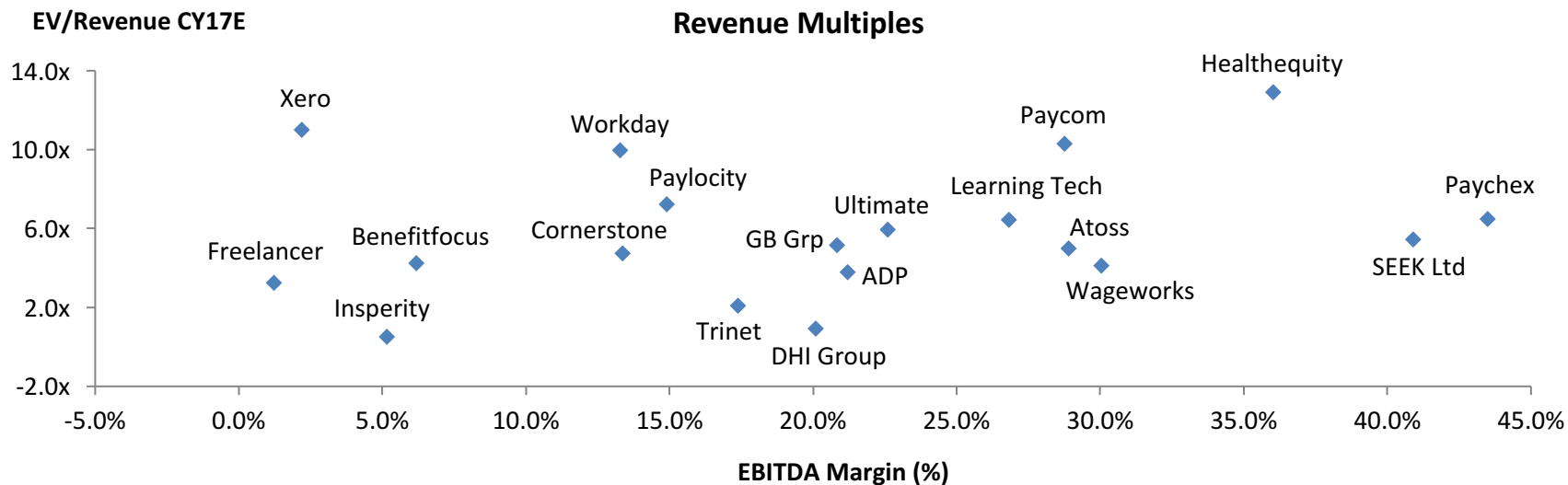
Performance Quadrants: Revenue Growth & Operating Margin



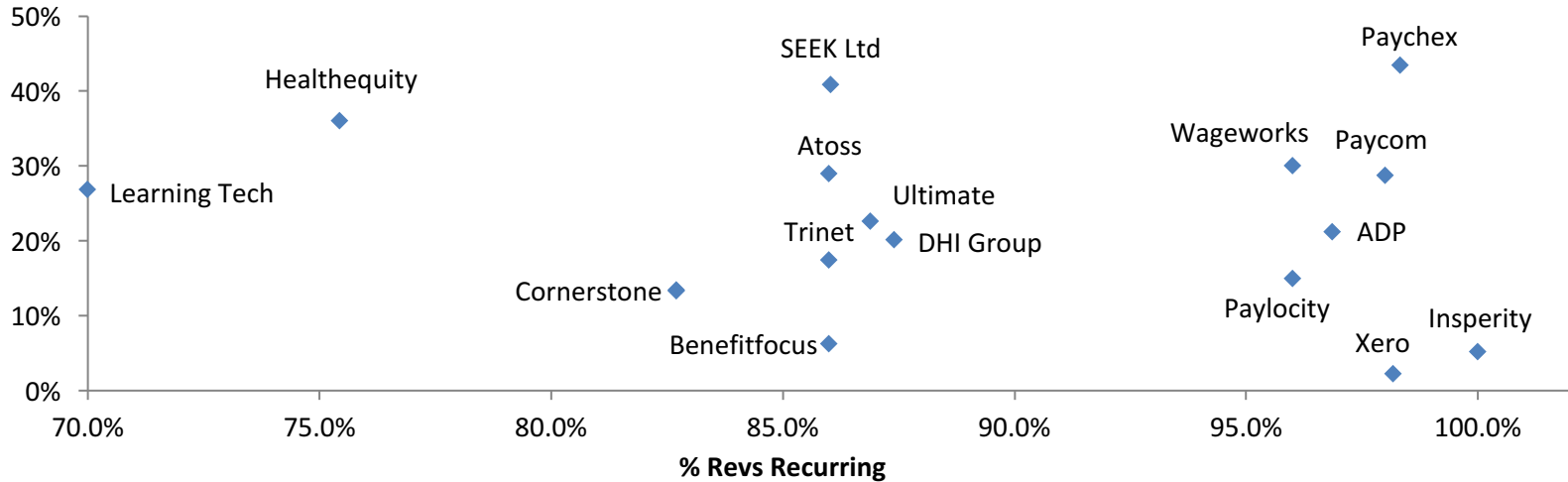
EV/EBITDA CY17E



Note: Bubble size depicts enterprise value

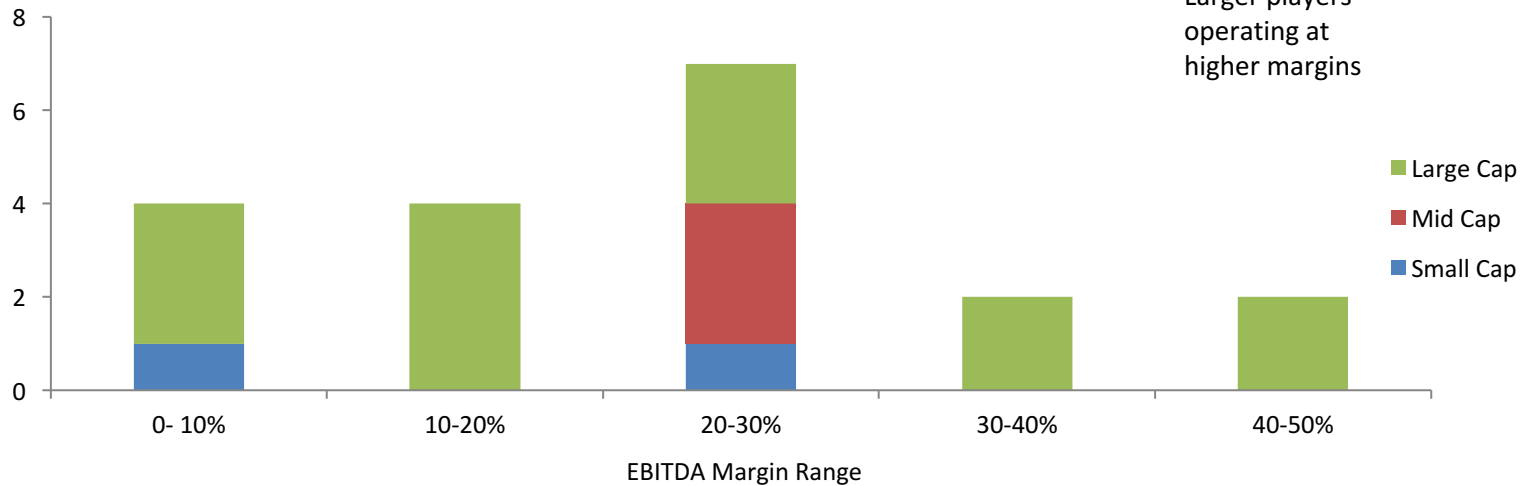


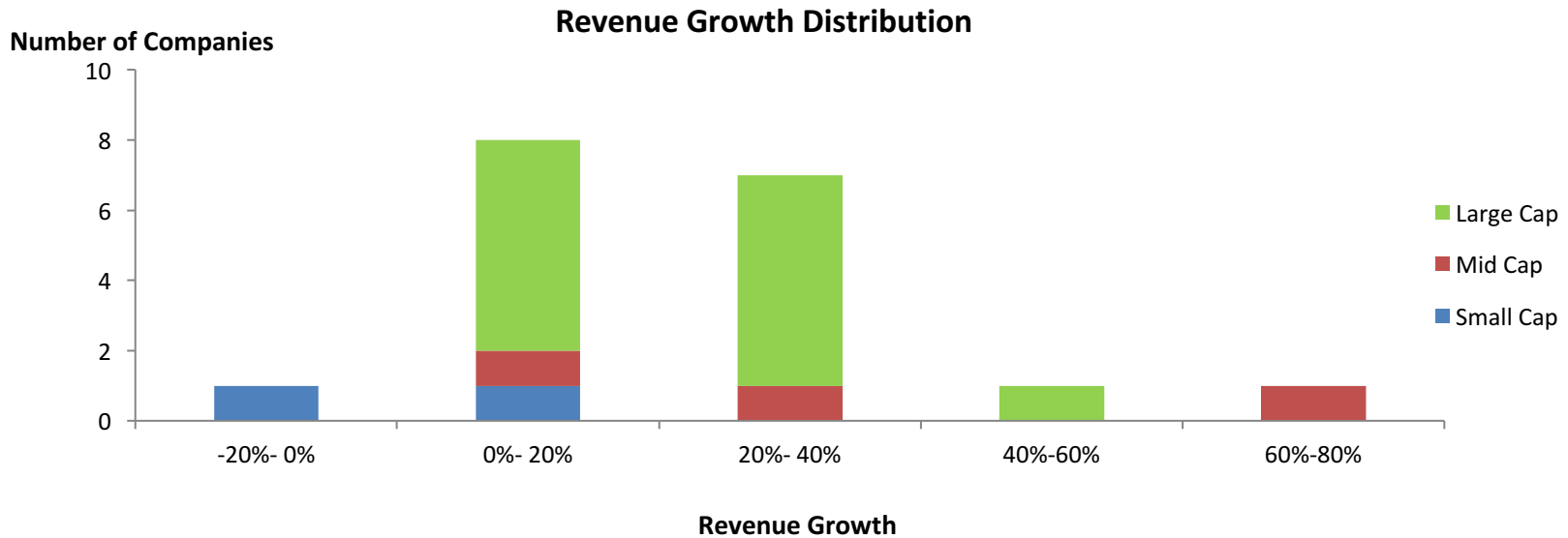
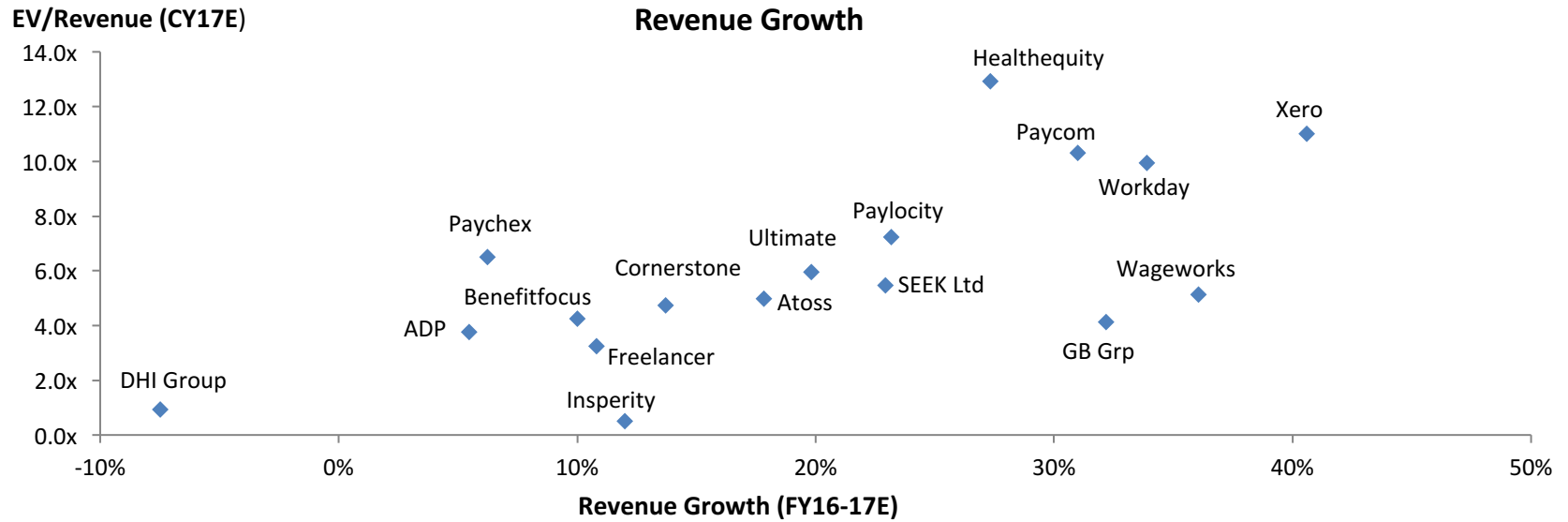
EBITDA Margin CY17E



Number of Companies

EBITDA Margin Range Distribution





Selected HR Tech Deals – Third Quarter 2017

<u>Date Announced</u>	<u>Buyer</u>	<u>Target</u>	<u>HR Tech Subsector</u>	<u>Deal Size</u>	<u>Target Revenue</u>	<u>Revenue Multiple</u>	<u>Commentary</u>
29-Sep-17	iCollege Ltd [Australia]	Manthano Ltd [Australia]	Training solutions	Not disclosed	n/a	n/a	ASX-listed iCollege has signed a binding term sheet to acquire 100% of the issued share capital of Manthano Ltd, a vocational training organisation that offers both accredited and non-accredited training solutions
28-Sep-17		Legion Technologies Inc [USA]	Workforce engagement platform	\$10.5m	n/a	n/a	Legion Technologies, a workforce engagement platform, has raised \$10.5m in a Series A funding round led by Norwest Venture Partners. The funding will be used to scale the business and accelerate delivery to customers
25-Sep-17	Zalaris ASA [Norway]	ROC Systems Consulting Ltd [UK]	HR systems integration and BPO services	\$9.5m	\$15.2m	0.6x	The acquisition will give Zalaris immediate access to the UK market, one of the largest in Europe for outsourced IT and HR services, and adds HR advisory capability to their service offering. Following the acquisition of Sumarum in May 2017, it will further strengthen their position in Germany and Poland
22-Sep-17		EquitySim Inc [USA]	Simulation-based recruiting platform	\$3.1m	n/a	n/a	EquitySim has secured \$3.1m in a Series A funding round led by University Ventures, along with participation from Peak Ventures and 500 Startups. The funding will be used to develop the platform and expand operations
15-Sep-17		ZenJob GmbH [Germany]	Online recruitment platform	\$8.0m	n/a	n/a	ZenJob has raised \$9.5m in a Series A funding round led by Acton Capital Partners, with participation from early-stage investors Redalpine and existing investors Atlantic labs. ZenJob intends to use the investment to begin a domestic roll out through Germany
14-Sep-17		Sorting Hat Technologies Pvt Ltd [India]	Online learning platform	\$11.5m	n/a	n/a	Sorting Hat has raised \$11.5m in Series B funding led by Sequoia India and SAIF Partners. Sorting Hat intends to use the new funding to invest in their product and add new languages to the platform

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13-Sep-17	Hamilton James & Bruce Group Ltd [Australia]	Janison Solutions Pty Ltd [Australia]	Digital learning and assessment solutions	\$20.9m	\$11.5	1.8x	Hamilton James & Bruce Group has agreed to purchase Janison Solutions for \$20.9m. The acquisition includes Janison's award winning digital SaaS learning platform and the Janison Assessment business
12-Sep-17		Neyber Ltd [UK]	Employee/employer lending platform	\$150.9m	\$1.5m	n/a	Neyber has raised \$150.9m in a debt and equity financing round led by Goldman Sachs, with participation from existing investors. The split was not disclosed but the majority is thought to be debt. This financing comes just one month after the business raised nearly \$30m in a Series C round
11-Sep-17	Bullhorn Inc. [USA]	Connexys B.V [Netherlands]	Employee recruitment SaaS and services	Not disclosed	n/a	n/a	The deal accelerates Bullhorn's ongoing investment in Europe and Connexys' management will join the Bullhorn EMEA leadership team post-acquisition. Connexys' flagship product is an Applicant Tracking System built on the Salesforce platform which is currently used by 300 customers across Europe
06-Sep-17	Silversmith Capital Partners [USA]	Absorb Software Inc. [Canada]	Learning management systems (LMS) software and SaaS	\$59.0m	n/a	n/a	This is the first time Absorb has raised outside capital, having grown organically up till now. This investment will be used to develop Absorb's flagship product, Absorb LMS, and additionally to support the company's expansion plans
05-Sep-17	GP Strategies Training Ltd [UK]	Youtrain Ltd [UK]	Online IT training	Not disclosed	\$3.9m	n/a	Youtrain is a certified Microsoft Silver Learning Partner and the only Cisco Authorised Learning Partner in Scotland. The acquisition expands GP Strategies' position in the UK vocational training market, in particular adding new capabilities in the digital training space
05-Sep-17	Verint Systems Inc. [USA]	eg solutions plc [UK]	Workforce optimisation software and SaaS	\$34.1m	\$10.3m	3.3x	Verint, the NASDAQ-listed group with a market value in excess of \$2.3bn, has acquired the AIM-listed eg solutions business. Verint will maintain the eg brand but with a view to phasing it out in the future and expect to keep on most of eg's current staff

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30-Aug-17		O5 Systems Inc [Canada]	Recruitment automation software	\$3.0m	n/a	n/a	O5 Systems has raised \$3m in a funding round which will be used to accelerate the capabilities of their virtual recruiting assistant
30-Aug-17	ZeroChaos Inc. [USA]	Loki Systems Inc. [Canada]	Workplace management SaaS	Not disclosed	n/a	n/a	The Loki business adds advanced scheduling capabilities to the ZeroChaos offering. ZeroChaos will also look to organically grow the Loki business by providing it with greater financial resources
29-Aug-17		Gigster [USA]	Freelance developer platform	\$20.0m	n/a	n/a	Gigster has raised \$20m in a Series B funding round led by Redpoint and including original investors Andreessen Horowitz. This most recent round brings Gigster's funding total to \$32.5m just two years after the company was founded. Gigster's revenue has increased 3.5x since its first funding round in 2016
22-Aug-17		Stride Health Inc [USA]	Employee benefits	\$23.5m	n/a	n/a	Stride Health has secured \$23.5m in a Series B funding round led by F-Prime Capital Partners. The company intends to use the funding to expand its benefits offering
22-Aug-17		Suzhou GaiaWorks Information Technology Co Ltd [China]	Workforce management	\$19.0m	n/a	n/a	Suzhou GaiaWorks has raised \$19m in a Series B funding round led by Warbug Pincus, with participation from Matrix Partners China and Genesis Capital. The latest funding will be used to upgrade its products and accelerate the business' expansion
11-Aug-17	Lyft Inc [USA]	YesGraph Inc [UK]	Online recruitment and referral services	Not disclosed	n/a	n/a	As part of Lyft, YesGraph will work to improve the Lyft Driver Referral Programme. Lyft also announced it was acquiring the growth team of DataScore, which has expertise in customer acquisition and retention
11-Aug-17	OpsArc Solutions [USA]	BusinessWare Services (BWSI) [USA]	HR management SaaS	Not disclosed	n/a	n/a	The deal is a strategic move by OpsArc to improve their service offering. The purchase includes BWSI's staffing software, TempWizard, which OpsArc will incorporate into their solution modules to drive end-to-end value creation for customers

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10-Aug-17	Work Market Inc [USA]	OnForce Inc [USA]	Flexible hiring services	Not disclosed	n/a	n/a	In acquiring OnForce from Adecco, Work Market have consolidated their position as a leading provider of work automation software. Work Market will also be able to integrate OnForce's data repository into its core platform to provide richer insights for its customers
09-Aug-17	Accruent LLC [USA]	Lucernex Inc [USA]	Enterprise workspace management SaaS	Not disclosed	n/a	n/a	Lucernex will strengthen Accruent's ability to support organisations that must address regulatory compliance challenges. Lucernex provides advanced solutions for any organisation seeking FASB/IASB compliant lease accounting software
09-Aug-17	ELEVATE Global Ltd [Hong Kong]	Laborlink [USA]	Mobile worker survey platform	Not disclosed	n/a	n/a	Laborlink adds another element to ELEVATE's responsible sourcing audit programme. Laborlink's platform allows a more thorough audit by aggregating data sourced from a larger number of employees
09-Aug-17	Voices.com Inc [Canada]	Voicebank.net Inc [USA]	Project management workflow	Not disclosed	n/a	n/a	Voices.com makes this acquisition following its \$18m growth investment from Morgan Stanley Expansion Capital. The combined company will address all segments of the market for voice over and audio
08-Aug-17	Scanco Software LLC [USA]	Synergistic Software Solutions LLC [USA]	Workforce management software	Not disclosed	n/a	n/a	The acquisition positions Scanco as a premier provider of manufacturing software for Sage100 companies. Synergistic has always been part of a select group of Master Developers for Sage Software
04-Aug-17		Neyber Ltd [UK]	Employee/employer lending platform	\$27.7m	\$1.5m	n/a	Neyber has raised nearly \$30m in a Series C funding round led by Indian financial services firm Wadhawan Group, whose other investments include Zopa, the UK's largest peer-to-peer consumer lender
04-Aug-17	Thoma Bravo LLC [USA]	Frontline Technologies Group LLC [USA]	Workforce management SaaS	Not disclosed	n/a	n/a	Thoma Bravo will support Frontline's growth, both organically and through acquisitions. Frontline currently employs 650 people in five locations around the USA. Insight Venture Partners, a prior investor in Frontline, will retain a minority stake in the company

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04-Aug-17	Indeed [USA]	Interviewed [USA]	HR job assessment SaaS	Not disclosed	n/a	n/a	Interviewed has developed a number of automated screening tools that give employers insights into a candidate's suitability for a particular job. The technology is a natural extension for Indeed that will help their customers to identify and evaluate candidates more efficiently
03-Aug-17		Personio GmbH [Germany]	HR management SaaS	\$12.0m	n/a	n/a	Personio has secured \$12.0m in a Series A funding round led by European VC, Northzone, with participation from existing investors. Personio will use the funding to develop their SaaS and consolidate their position in the HR software space for SMEs
31-Jul-17		A Cloud Guru Ltd [UK]	Cloud training software	\$7.0m	n/a	n/a	A Cloud Guru has raised \$7m in a Series A funding round led by Elephant Venture Capital. The funds will be used to grow their presence in the US and expand their training content
31-Jul-17	Addnode AB [Sweden]	Service Works Group [UK]	Workplace management SaaS	\$16.1m	\$7.5m	2.1x	The strategic acquisition sees Addnode expand into new geographies as well as strengthen its portfolio of products. Their more extensive portfolio will be delivered to customers in the Nordics (where they already have a significant presence), UK, and other markets such as Australia and Canada
27-Jul-17		Slack Technologies Inc [USA]	Enterprise messaging service	\$250.0m	n/a	n/a	Slack has raised \$250m in its most recent funding round, taking its total equity funding to date above \$500m. The round was led by SoftBank and Accel and values the company at \$5bn

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27-Jul-17		SyncHR Inc [USA]	HCM software	\$16.0m	n/a	n/a	SyncHR has raised \$16m in additional funding, taking its funding total to \$34m. Existing investors participated in the funding as well as Acadia Woods and Peninsula Ventures. SyncHR intends to use the funding to expand its customer success and go-to-market teams and invest in product development
27-Jul-17	Luminate Capital Partners [USA]	StarCompliance LLC [USA]	Regulatory compliance software and SaaS	\$72.0m	\$8.0m	9.0x	Luminate Capital will help StarCompliance to consolidate their market position and drive product innovation. StarCompliance serves over 100 customers in 70 countries
26-Jul-17	Alchemy Systems LP [USA]	Wisetail LMS [USA]	Employee training SaaS	Not disclosed	n/a	n/a	The acquisition further accelerates Alchemy's expansion in the retail and restaurant sectors. Together, Alchemy and Wisetail train more than 2.5 million employees at over 35,000 locations
20-Jul-17	Civica UK Limited [UK]	Carval Computing Limited [UK]	Payroll management software and SaaS	Not disclosed	n/a	n/a	Carval brings complementary capability which Civica does not already have, allowing Civica to leverage its market position and provide a more complete portfolio of applications to its customers
13-Jul-17		Bokio AB [Sweden]	Payroll	\$3.5m	n/a	n/a	Bokio has secured \$3.5m in a Seed funding round led by Creandum. The investment will be used to hire key talent, invest in the product and to support the company's international expansion plans
13-Jul-17	Inverness Graham Investments [USA]	SwipeClock LLC [USA]	Timekeeping and payroll SaaS	Not disclosed	n/a	n/a	Inverness Graham has acquired SwipeClock, citing its channel ready product and go-to-market strategy as key reasons for the deal. Inverness Graham will support the company's next phase of growth, both organically and through strategic acquisitions

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11-Jul-17	Datavail Corporation Inc [USA]	Accelatis LLC [USA]	Enterprise performance management software	Not disclosed	n/a	n/a	This acquisition is Datavail's fourth in the last 12 months, all of which were enabled by their growth equity investors and executed to grow the business into adjacent markets. Accelatis' solutions will be particularly attractive to Datavail's Oracle customers
10-Jul-17	XING AG [Germany]	Prescreen GmbH [Germany]	Candidate management system	\$19.4m	n/a	n/a	Prescreen has around 350 corporate clients and employs 27 people. The demand for cloud-based ATS solutions is growing in German-speaking countries and XING plans to incorporate Prescreen's solution into their current e-recruiting portfolio to tap into this growing market segment
07-Jul-17		Side [France]	Flexible hiring	\$5.7m	n/a	n/a	Side has raised \$5.7m in a Series A funding round, taking its total raised to \$7.2m. The round was led by Xavier Niel with participation from existing investors
06-Jul-17		Payfit SAS [France]	Payroll software	\$15.9m	n/a	n/a	Payfit SAS has raised \$15.9m in a Series B funding round led by Accel. Payfit will use the additional funding to expand the business outside of France
06-Jul-17		OnboardIQ Inc [USA]	Hiring software	\$9.1m	n/a	n/a	OnboardIQ has raised \$9.1m in a Series A funding round led by Origin Ventures, bringing the total amount raised by the company to \$10.8m. The funding will be used to expand operations and customer reach

 Goldenhill acted as M&A advisor

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