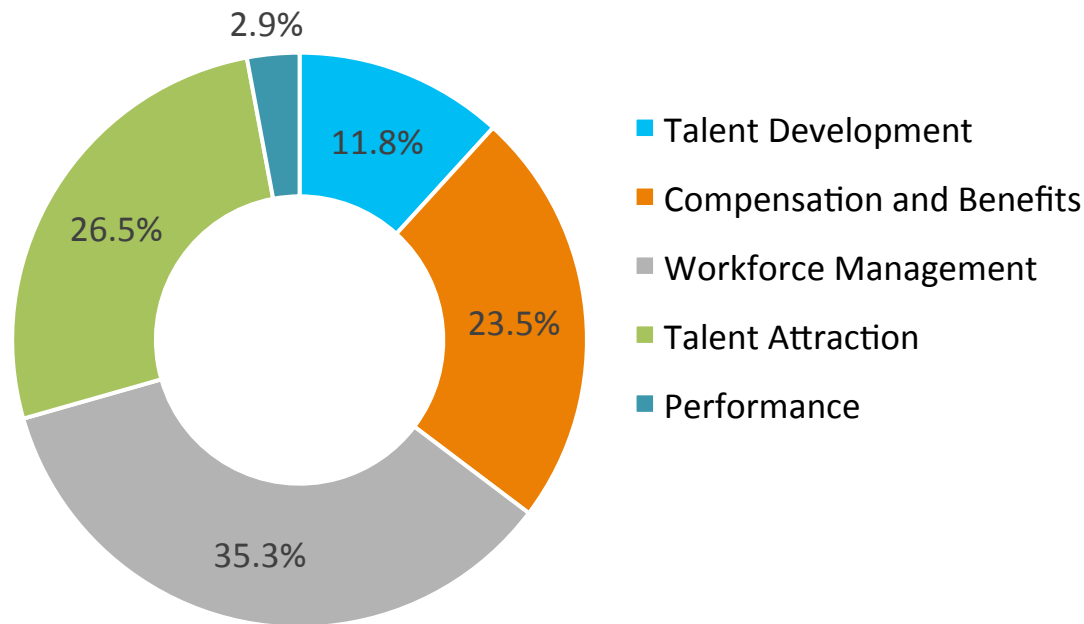




HR Technology Sector

Quoted Company Analysis

Third Quarter 2018



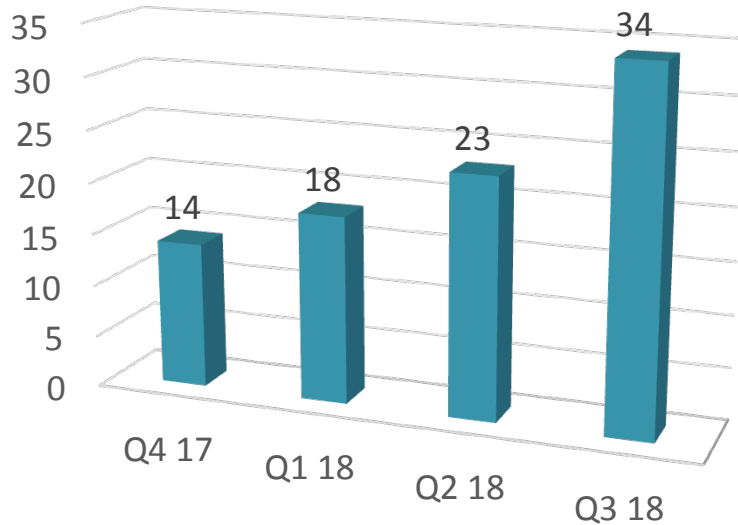
Talent Development: HR software providing the means to train and develop an effective workforce

Compensation and Benefits: HR software relating the management of employee compensation and benefits administration

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

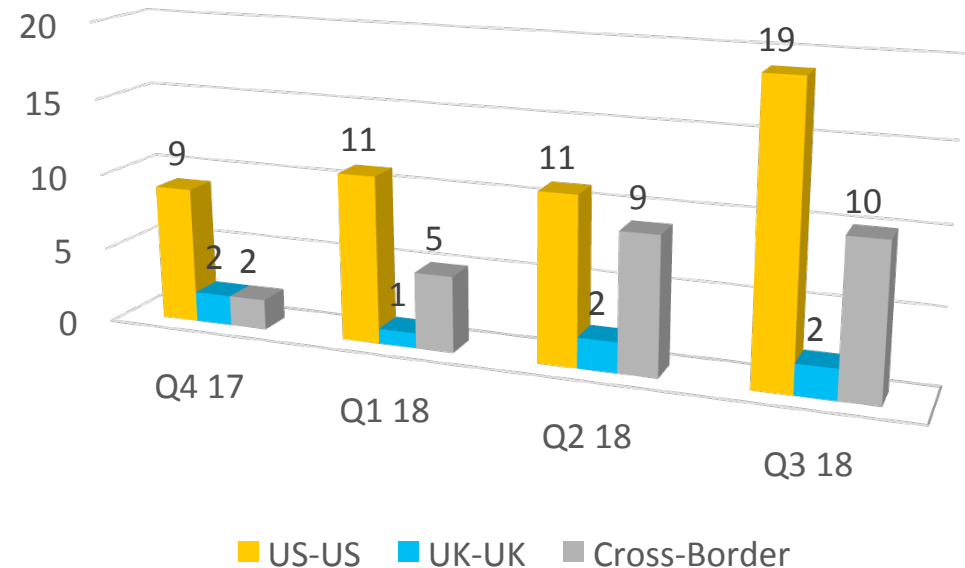
Talent Attraction: Tools to help employers recruit new staff and to help prospective employees search for jobs

Performance: Systems to track, measure and reward employee performance

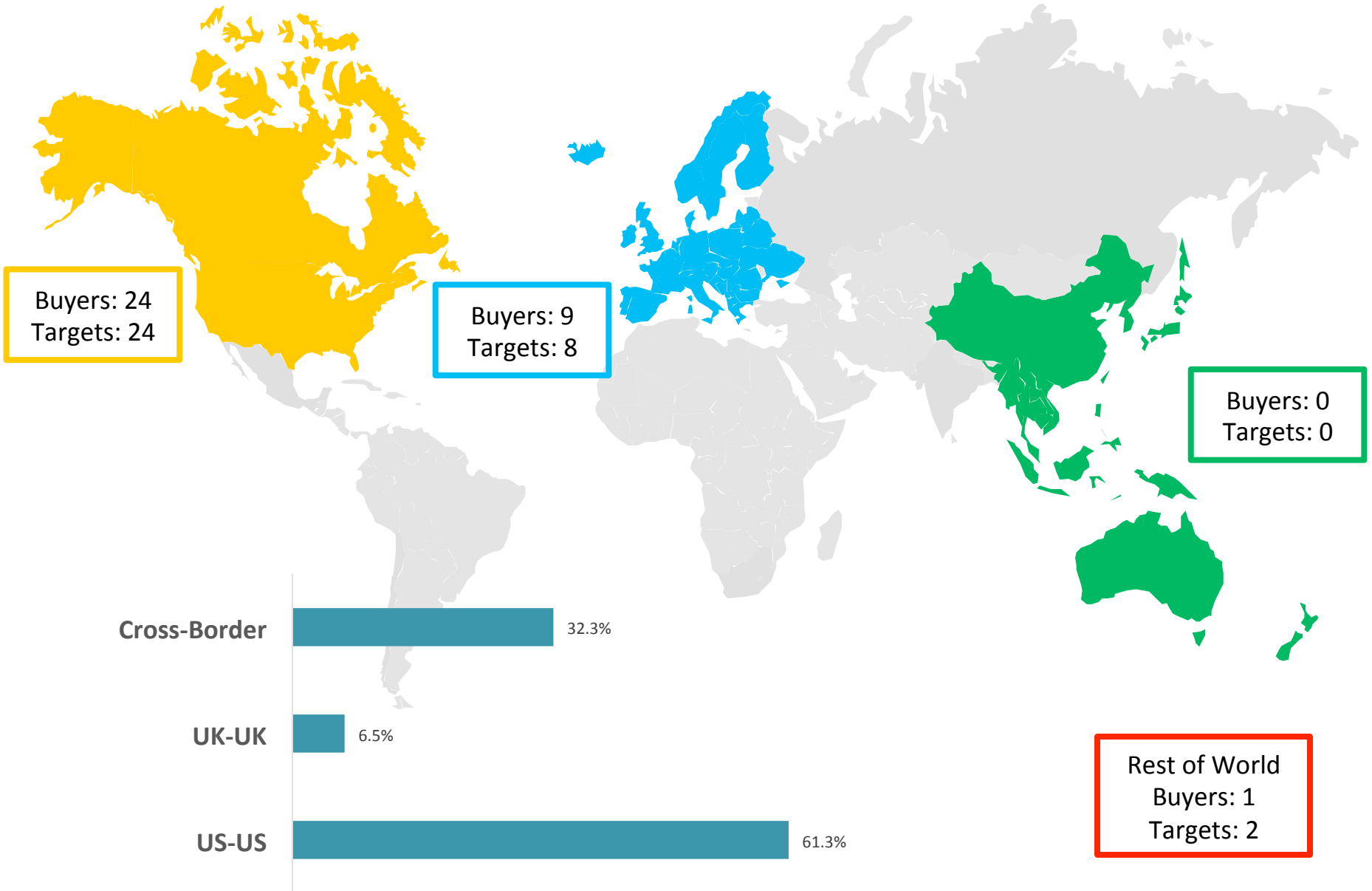


- The number of deals continues to increase quarter-on-quarter
- Again, the Workforce Management and Talent Attraction sectors proved most active but Compensation and Benefits-related acquisitions also proved popular in Q3

- Q3 2018 saw cross-border deals continue to gain momentum despite only a modest increase
- The majority of deals in Q3 were US-US, reflecting the maturity of the HR Tech market in the country relative to other regions globally



Q3 2018 Transactions by Geography



Sector Valuation Metrics

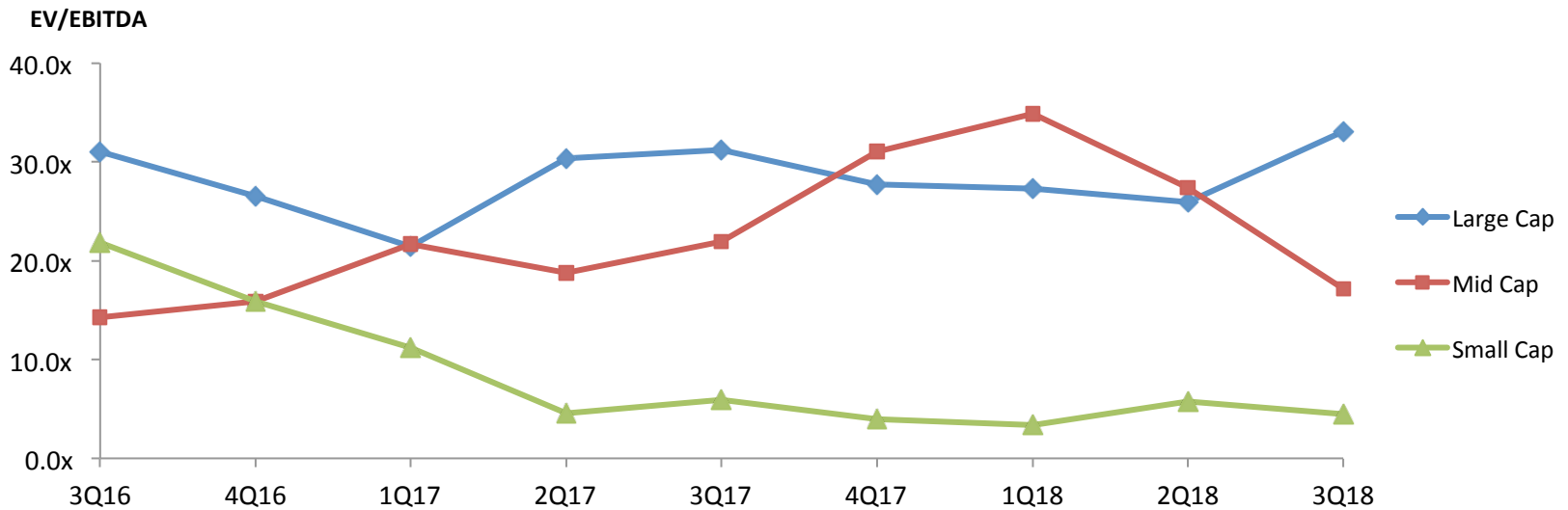
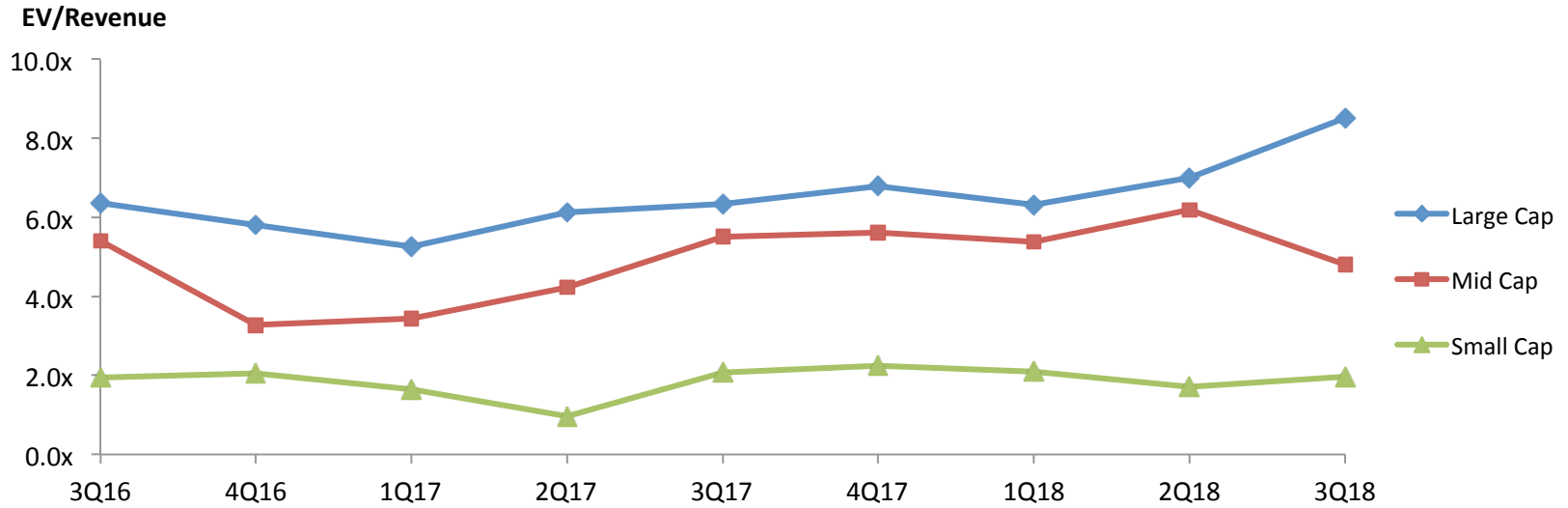
Company	Share Price	Market Cap (\$m) ⁽¹⁾	Net Debt (\$m) ⁽²⁾	Enterprise Value (\$m)	Revenue	EV/Revenue		EV/Revs	EV/EBITDA		Revenue Growth		EBITDA Margin		% Revs
	Local 30-Sep-18				CY18E (\$m)	CY2017	CY2018E	Recurring	CY2017	CY2018E	CY2017	CY2018E	CY2017	CY2018E	Recurring ⁽³⁾
Selected Large Cap															
ADP	150.7	65,905	(171)	65,734	13,746	5.1x	4.8x	5.3x	23.8x	21.0x	7.6%	6.3%	21.5%	22.8%	90%
Workday	146.0	31,678	(1,776)	29,901	2,718	14.3x	11.0x	13.1x	NM	78.2x	36.1%	29.2%	-5.5%	14.1%	84%
Paychex	73.7	26,491	(424)	26,067	3,515	7.9x	7.4x	7.6x	18.6x	17.7x	7.3%	6.8%	42.6%	41.8%	98%
Ultimate Software	322.2	10,052	(155)	9,897	1,138	10.5x	8.7x	9.8x	NM	36.0x	20.4%	21.0%	8.4%	24.2%	88%
Paycom Software	155.4	9,111	(11)	9,100	556	21.0x	16.4x	16.7x	92.8x	39.6x	31.6%	28.4%	22.6%	41.3%	98%
Healthequity	94.4	5,878	(240)	5,638	279	25.0x	20.2x	22.4x	81.7x	52.1x	28.7%	23.7%	30.6%	38.8%	90%
SEEK Ltd	20.8	5,274	693	5,967	1,035	6.7x	5.8x	6.7x	16.3x	17.7x	28.6%	6.3%	41.2%	32.5%	87%
Xero	49.0	4,980	(58)	4,923	347	18.2x	14.2x	14.5x	NM	NM	38.8%	25.7%	3.4%	12.2%	98%
Insperty	118.0	4,945	(252)	4,693	3,828	1.4x	1.2x	1.4x	31.7x	20.9x	12.2%	16.0%	4.5%	5.9%	85%
Paylocity	80.3	4,238	(137)	4,101	415	12.1x	9.9x	10.3x	NM	47.2x	25.8%	19.8%	11.0%	21.0%	96%
Trinet Group	56.3	3,973	87	4,060	861	1.2x	4.7x	5.5x	16.1x	13.2x	7.0%	-73.7%	7.7%	35.9%	86%
Cornerstone Ondemand	56.8	3,335	(30)	3,305	524	6.9x	6.3x	7.3x	NM	34.8x	13.9%	8.7%	-2.9%	18.1%	86%
Wageworks	42.8	1,694	(429)	1,265	494	2.6x	2.6x	2.7x	8.7x	8.6x	9.1%	31.8%	30.4%	29.7%	97%
Learning Technologies Group	1.7	1,446	(1)	1,444	130	21.5x	11.1x	21.8x	98.1x	44.8x	75.1%	93.7%	21.9%	24.8%	51%
Benefitfocus	40.5	1,290	60	1,350	257	5.3x	5.3x	6.6x	NM	NM	10.0%	-0.1%	0.9%	3.9%	80%
GB Group Plc	5.8	1,162	(19)	1,143	169	7.7x	6.8x	11.8x	39.2x	31.0x	38.9%	8.8%	19.7%	21.8%	57%
Average						10.5x	8.5x		42.7x	33.1x			16.1%	24.3%	85.7%
Total (Large Cap)		181,453	(2,864)	178,589											
Selected Mid Cap															
Atoss Software AG	81.4	376	(33)	343	72	5.6x	4.8x	5.2x	20.4x	17.1x	12.5%	16.0%	27.2%	28.0%	92%
China Distance Education	8.3	276	(16)	260	NA	NA	NA	NA	NA	NA	11.4%	NA	NA	NA	71%
Average						5.6x	4.8x		20.4x	17.1x			27.2%	28.0%	81.4%
Total (Mid Cap)		652	(48)	603											
Selected Small Cap															
Freelancer Technology	0.5	170	(25)	145	37	3.8x	3.9x	NA	NM	NM	-1.6%	-2.7%	-7.8%	1.1%	NA
DHI Group	2.1	113	29	142	164	0.7x	0.9x	0.9x	4.1x	4.5x	-8.4%	-21.4%	16.7%	19.5%	92%
Dillistone Group	59.5	15	(1)	14	12	1.1x	1.2x	1.4x	7.6x	NA	-8.6%	-2.2%	14.9%	NA	81%
Average						1.9x	2.0x		5.8x	4.5x			7.9%	10.3%	86.6%
Total (Small Cap)		298	3	301											
Sector Total		182,403	(2,910)	179,494											

(1) Excludes treasury shares

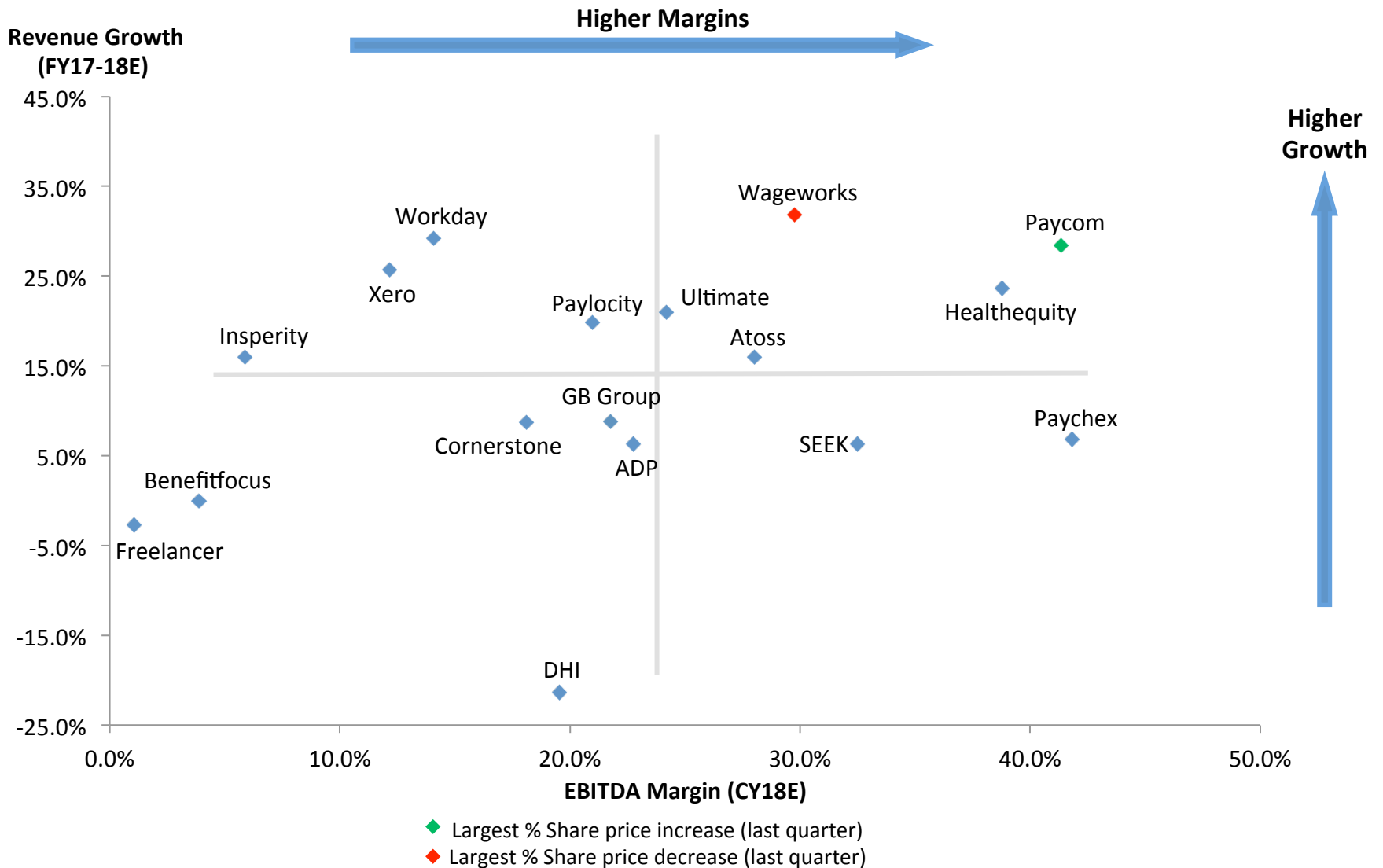
(2) Net financial debt minus marketable securities and collaterals.

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

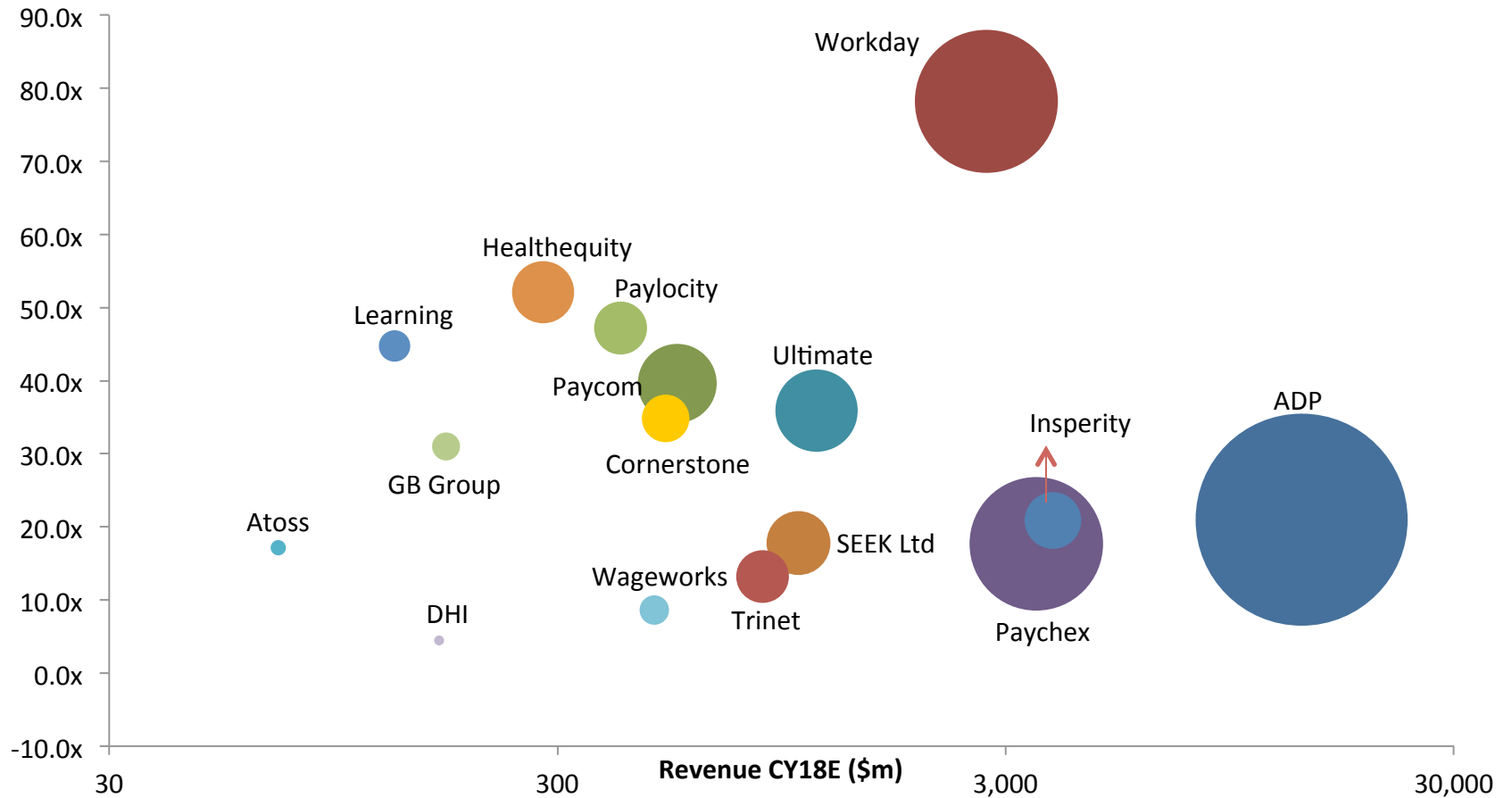
(4) NM - Not meaningful and NA - Not available



Performance Quadrants: Revenue Growth & Operating Margin

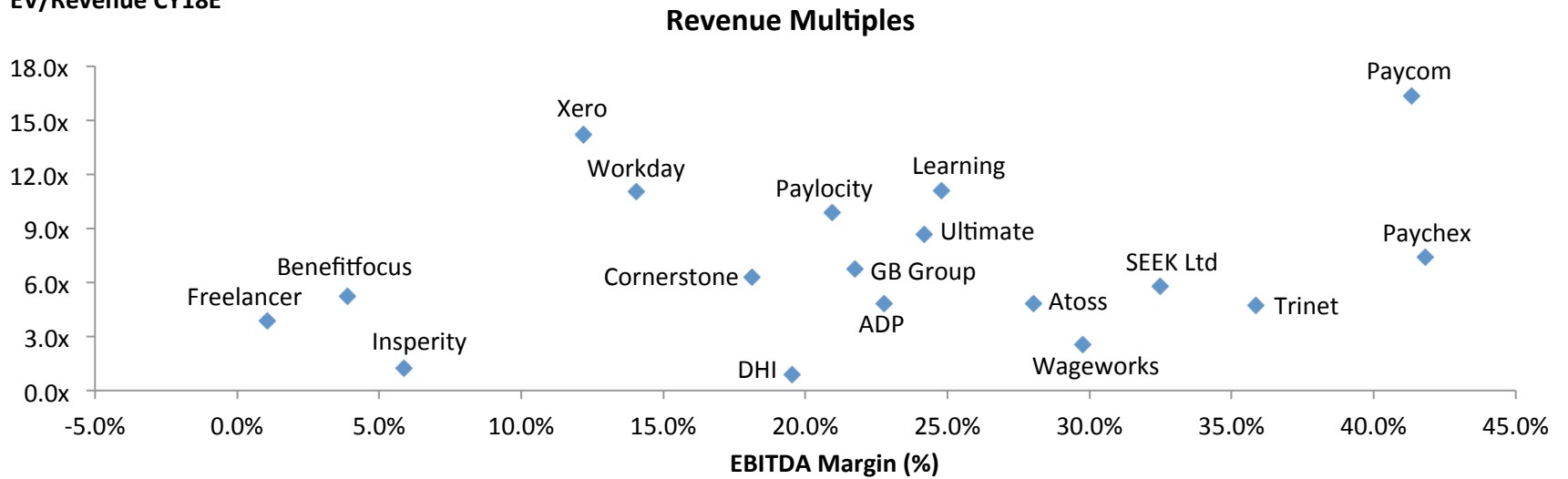


EV/EBITDA CY18E

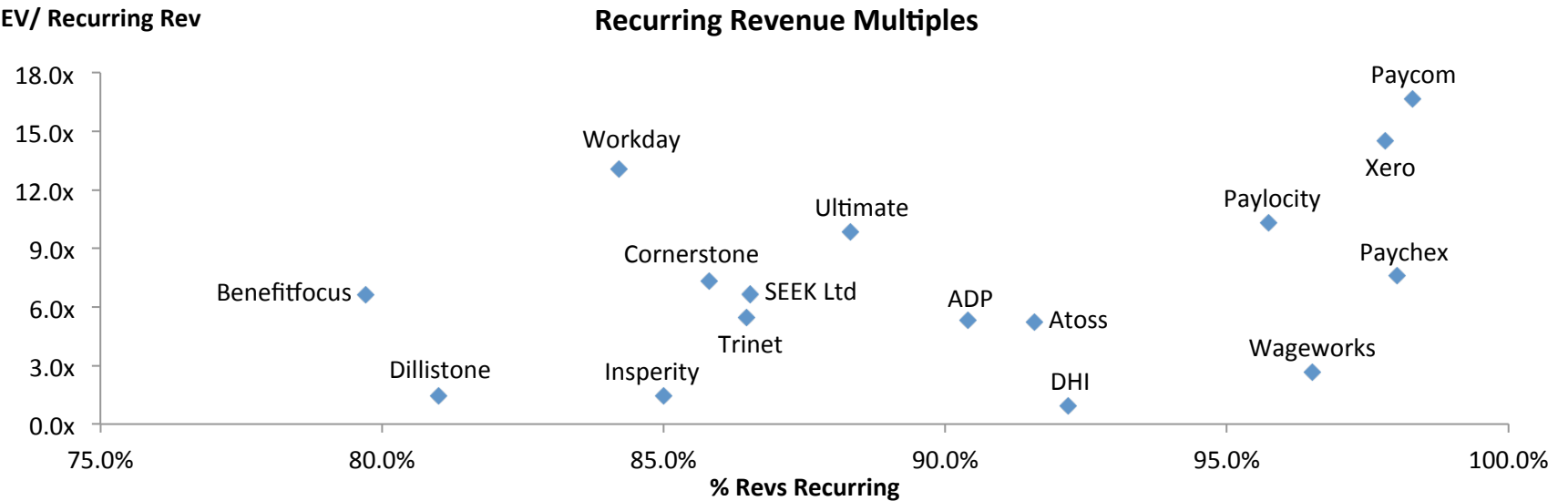


Note: Bubble size depicts enterprise value

EV/Revenue CY18E

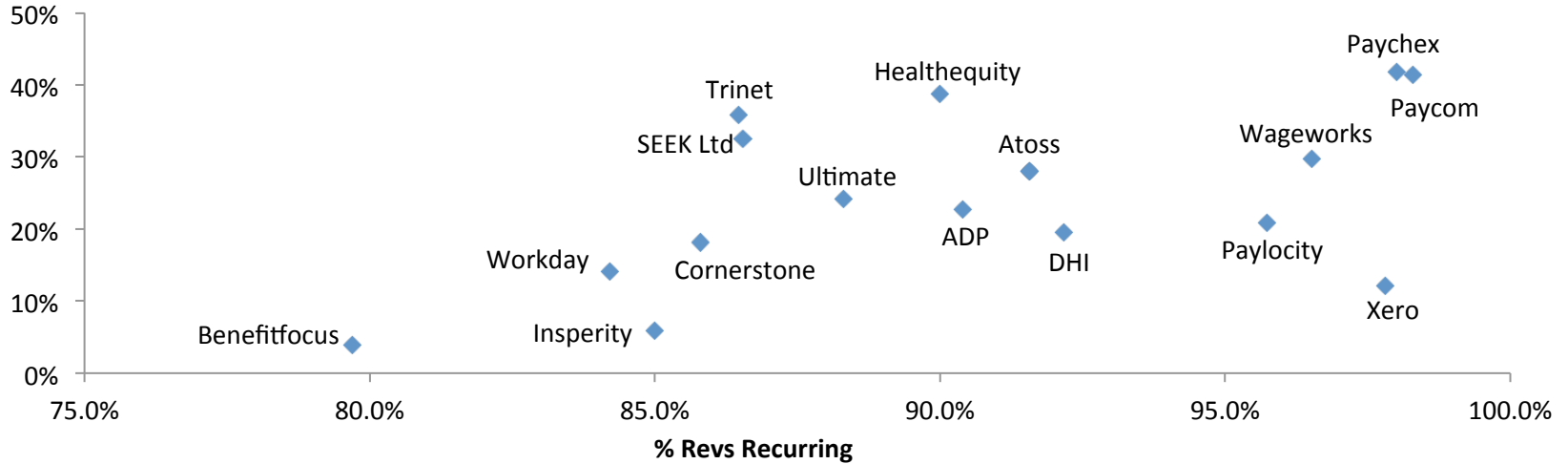


EV/ Recurring Rev



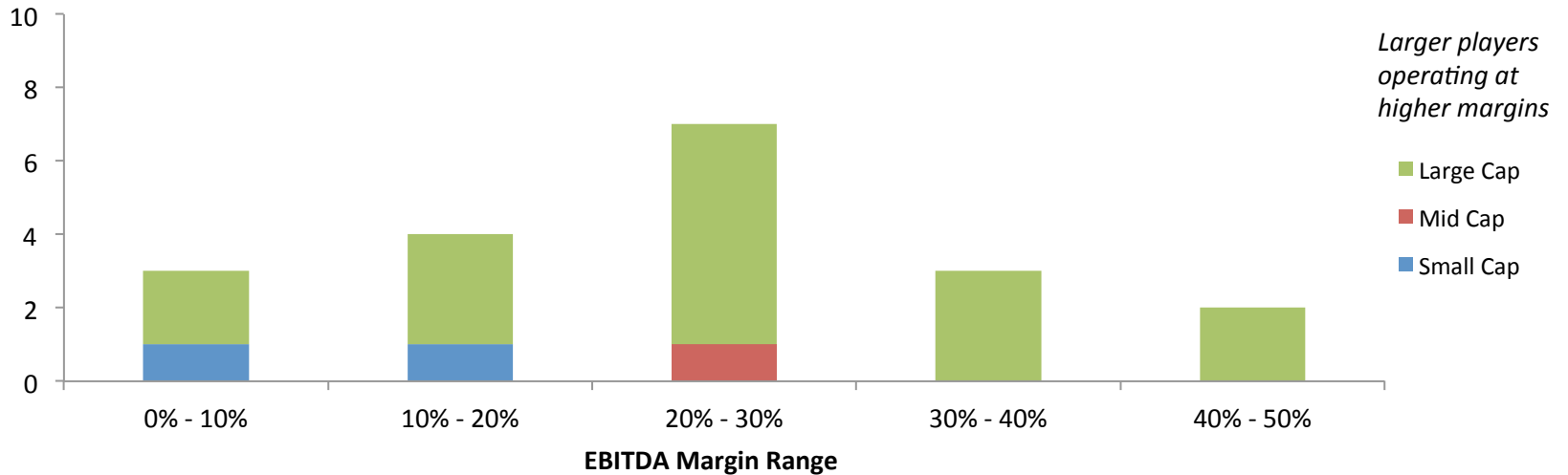
EBITDA Margin CY18E

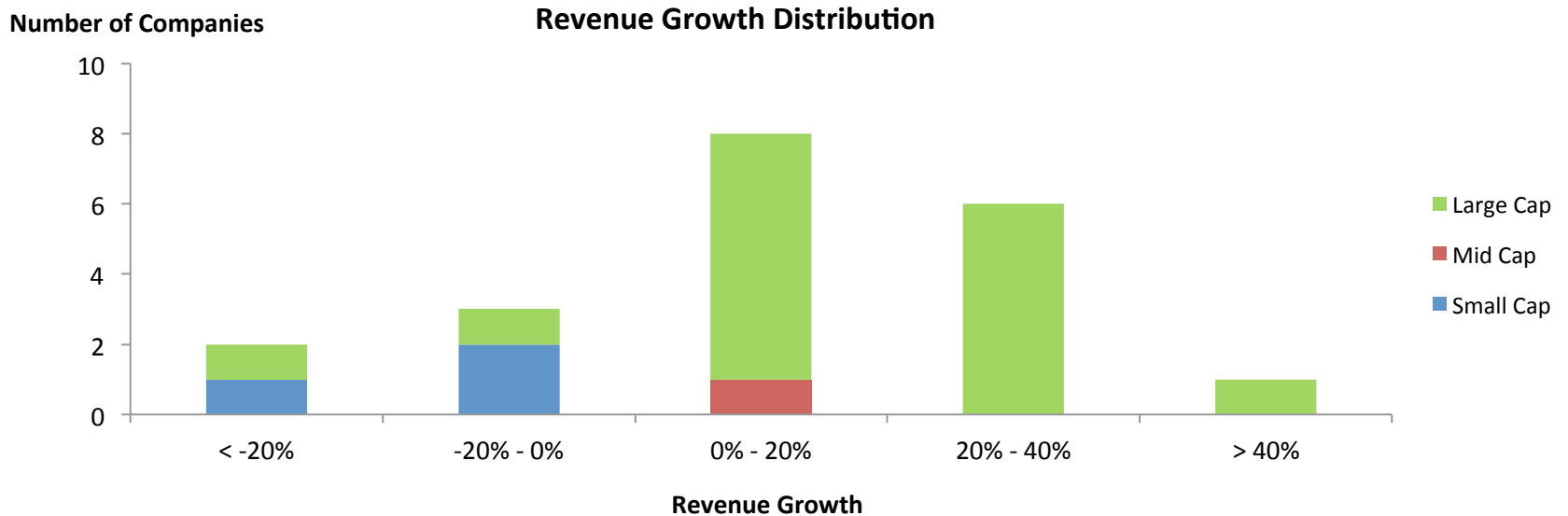
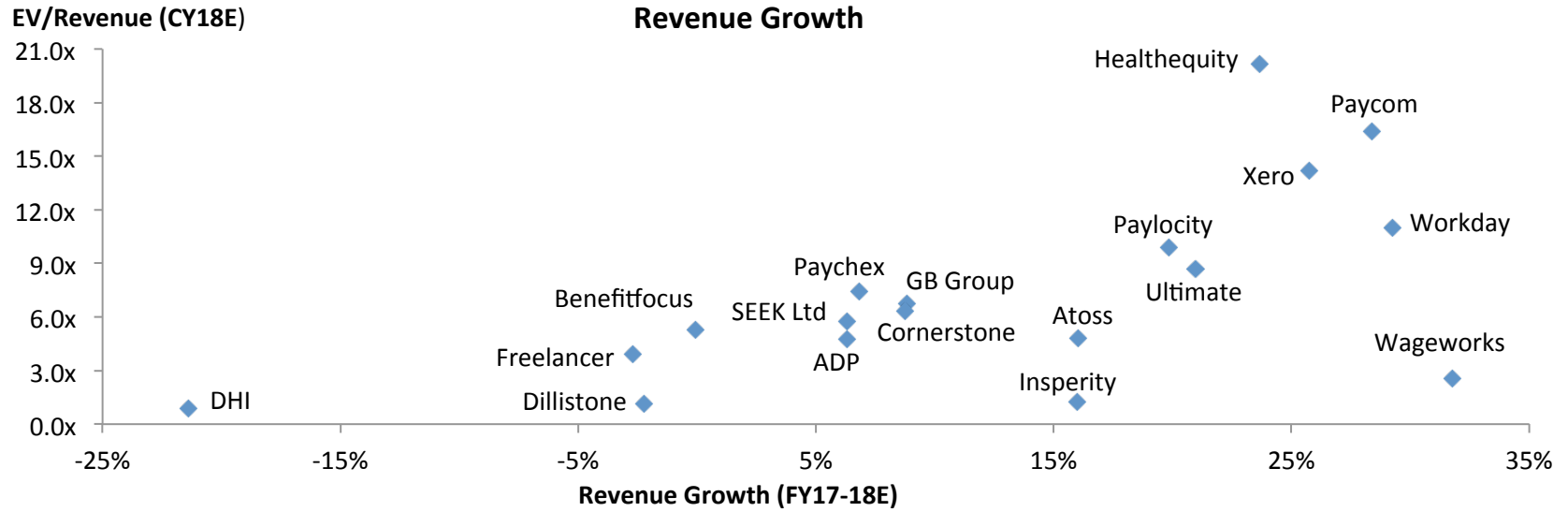
Recurring Revenue as a Driver of Operating Margins



Number of Companies

EBITDA Margin Range Distribution





Selected HR Tech Deals – Third Quarter 2018

<u>Date Announced</u>	<u>Buyer</u>	<u>Target</u>	<u>Target Product Line</u>	<u>Deal Size</u>	<u>Target Revenue</u>	<u>Revenue Multiple</u>	<u>HR Tech Subsector</u>	<u>Commentary</u>
27-Sep-18		Pymetrics Inc [USA]	Develops neuroscience-based assessment and prediction technology to transform the way companies hire, retain, and develop their employees	\$40.0m	n/a	n/a	Talent Attraction	Pymetrics has secured \$40m in Series B funding led by General Atlantic. Pymetrics expects to use the funding to support its next phase of international expansion while continuing to innovate on the product development side
25-Sep-18	Oracle Corporation [USA]	Iridize [ISR]	Provides software for enterprise employee onboarding, training and user adoption of SaaS applications	n/a	n/a	n/a	Talent Development	Oracle has purchased Iridize in a bolt-on transaction meant to accelerate end-user adoption of Oracle Cloud applications. Oracle expects to see rapid growth in ERP cloud applications and IaaS products, the likes of which Iridize's technology can enhance the onboarding and training process of
24-Sep-18	Xactly Corp [USA]	OpsPanda Inc [USA]	Provides a SaaS solution that helps companies to model, plan, report, and analyze their use of sales resources to meet and exceed their sales targets	n/a	n/a	n/a	Workforce Management	This is Xactly's third deal since Vista Equity Partners took the business private last year. OpsPanda provides an AI-driven solution for integrated annual and continuous sales planning and predictive performance, an essential tool for organisations to optimise their hiring activity and retention of sales talent
21-Sep-18	ASAP HR Group N.V [BEL]	Expertum GmbH [GER]	Provides online staffing and job search services to businesses in Germany	n/a	\$103.2m	n/a	Talent Attraction	Belgian HR services provider ASAP sees this acquisition as an excellent opportunity to enter the German staffing market, one of the most attractive in Europe. Expertum's management team will remain unchanged and continue to operate under the Expertum brand
17-Sep-18		Emplify Inc [USA]	Provides a software platform for companies to track employee satisfaction	\$7.5m	n/a	n/a	Compensation and Benefits	Emplify has raised \$7.5m in funding led by Edison Partners which the company will use to accelerate customer acquisition and growth. Emplify has approximately 70 full-time employees and previously raised a \$3m seed round
17-Sep-18	iSolved HCM [USA]	AmCheck Inc. [USA]	Provides payroll processing and HR management SaaS. Software provides features for applicant tracking and employee onboarding, benefits enrollment, attendance and performance management	n/a	n/a	n/a	Workforce Management	iSolved has acquired AmCheck, marking the advancement of a partnership that started when AmCheck joined the iSolved Network of Certified Partners and chose to use the iSolved technology platform to service its customers. AmCheck's customers will benefit from direct access to iSolved's more powerful features and tools

Selected HR Tech Deals – Third Quarter 2018

<u>Date Announced</u>	<u>Buyer</u>	<u>Target</u>	<u>Target Product Line</u>	<u>Deal Size</u>	<u>Target Revenue</u>	<u>Revenue Multiple</u>	<u>HR Tech Subsector</u>	<u>Commentary</u>
12-Sep-18	Cornerstone OnDemand [USA]	WorkPop Inc. [USA]	Provides workforce recruiting SaaS to businesses. Software provides features for managing job listings, applications and onboarding processes, and messaging job applicants via desktop or via mobile application	n/a	n/a	n/a	Talent Attraction	Cornerstone has acquired WorkPop, a provider of web and mobile solution for candidates and hiring managers in service-based industries. Cornerstone first invested in the business in 2015 through its Innovation Fund
11-Sep-18	Ascentis Corp [USA]	NOVAtime Technology Inc [USA]	Provides enterprise workforce management SaaS. Software manages employee time and attendance, leave, schedules and payroll	n/a	n/a	n/a	Workforce Management	The acquisition of NOVAtime positions Ascentis as on of the larger all-in-one HCM solutions in the industry. The two businesses have worked in partnership since 2012, and combined will have a roster of nearly 5,000 clients and over 400 employees
10-Sep-18	Private Group Led by Chiltern Capital LLP [UK]	Premier Employer Solutions Ltd [UK]	Provides online employee benefits, wellbeing and HR services	n/a	n/a	n/a	Compensation and Benefits	Chiltern Capital has led an investor buy-out of Premier Employer Solutions, provider of a SaaS employee benefits solution for smaller and mid-sized businesses up to 1500 employees
5-Sep-18	eXplorance Inc. [CAN]	Gartner Inc. (Metrics That Matter business) [USA]	Gartner's Metrics That Matter SaaS asset, which provides learning development and employee performance analytics for businesses	n/a	n/a	n/a	Talent Development	eXplorance has acquired the Metrics That Matter (MTM) business from Gartner Inc. The addition of MTM will increase the breadth of specialised solutions that eXplorance is able to offer its clients across numerous market segments
3-Sep-18	Private Group Led by Investcorp Technology Partners [GER]	softgarden e-recruiting GmbH [USA]	Provides HR management software products	n/a	n/a	n/a	Workforce Management	Softgarden has been acquired by Bahrain-headquartered Investcorp for an undisclosed amount. This is the fourth deal from Investcorp's Technology Fund and it plans to invest further capital in the business to fuel expansion into the DACH markets
29-Aug-18		Planday A/S [USA]	Provides SaaS to aid employee scheduling	\$40.9m	n/a	n/a	Workforce Management	Planday has secured \$41m in a Series C funding round led by SEB Private Equity. The company intends to use the funding to increase its geographic footprint across Europe and North America and also to further develop its software

Selected HR Tech Deals – Third Quarter 2018

<u>Date Announced</u>	<u>Buyer</u>	<u>Target</u>	<u>Target Product Line</u>	<u>Deal Size</u>	<u>Target Revenue</u>	<u>Revenue Multiple</u>	<u>HR Tech Subsector</u>	<u>Commentary</u>
22-Aug-18	PeopleKeys Inc [USA]	Reprcruit Inc [USA]	Provides an Applicant Tracking System (ATS) equipped with predictive hiring tools and solutions	n/a	n/a	n/a	Talent Attraction	The transaction will add Reprcruit's ATS platform for applicant sourcing, tracking and matching, to PeopleKeys' patent-pending hiring technology, furthering its goal of becoming a full-service predictive hiring solution provider
15-Aug-18	Private Group Led by Bain Capital [UK]	Benefex Ltd [UK]	Provides online reward and benefit solutions	n/a	\$13.5m	n/a	Compensation and Benefits	Bain Capital has invested in Benefex, the owner of employee experience platform OneHub, in a transaction which sees previous investor BGF, which has backed Benefex since 2011, exit its minority stake
15-Aug-18	Providence Strategic Growth (PSG) [USA]	BirdDogHR & Design [USA]	Provides talent management solutions for the construction, engineering and skilled trades industries	n/a	n/a	n/a	Workforce Management	PSG's platform strategy has seen it create Arcoro, an HCM software and services provider for high consequence industries, built upon the cornerstone companies of BirdDogHR and ExakTime. Both companies will retain their own names and brands but will be known as part of the Arcoro family of HCM solutions
15-Aug-18	Providence Strategic Growth (PSG) [USA]	ExakTime Innovations Inc. [USA]	Provides mobile workforce management that enables businesses to track employees on job sites. Also handles payroll	n/a	n/a	n/a	Workforce Management	ExakTime has received a majority investment from PSG, the growth equity affiliate of Providence Equity Partners. ExakTime provides activity tracking and compliance verification to over 7000 customers and has 250,000 daily users
15-Aug-18	Vista Equity Partners Management LLC [USA]	iCIMS Inc. [USA]	Provides employee recruitment management SaaS. Software features include applicant tracking, job posting, and employee referral management	n/a	\$180.0m	n/a	Talent Attraction	iCIMS has received investment from Vista Equity Partners adding to what is proving to be a significant year for iCIMS, which has included the acquisition of mobile recruiting technology provider TextRecruit and new strategic partnerships with ADP and Ultimate Software
8-Aug-18	Private Group Led by Providence Equity Partners [USA]	KPA Services LLC [USA]	Develops environmental, health and safety, and human resource management software solutions for automotive, truck and equipment dealerships	n/a	n/a	n/a	Workforce Management	Providence Equity Partners has acquired a majority stake in KPA Services from existing private equity investor CIVC Partners. Providence sees the compliance market for mid-sized businesses as having great long term growth potential and that KPA is well positioned to capitalise on its position providing subscription-based compliance solutions

Selected HR Tech Deals – Third Quarter 2018

<u>Date Announced</u>	<u>Buyer</u>	<u>Target</u>	<u>Target Product Line</u>	<u>Deal Size</u>	<u>Target Revenue</u>	<u>Revenue Multiple</u>	<u>HR Tech Subsector</u>	<u>Commentary</u>
7-Aug-18	Private Group led by Vista Equity Partners [USA]	Alegeus Technologies LLC [USA]	Provides employee health benefits administration software for health insurance providers. The company formed when Lightyear Capital acquired healthcare benefits software assets from FIS in 2012	\$750.0m	n/a	n/a	Compensation and Benefits	Vista Equity Partners has acquired Alegeus Technologies from private equity firm Lightyear Capital. Alegeus provides a white-label platform that manages benefit account administration, consumer engagement and payment processing for consumer directed healthcare accounts
7-Aug-18	Hub International Ltd [USA]	Benefit Broker Services Inc [USA]	Provides solutions around employee benefits and pension plans	n/a	n/a	n/a	Compensation and Benefits	This deal marks Hub's third transaction announcement this month. Hub is committed to growing organically and through acquisitions to expand its geographic footprint and strengthen industry and product expertise
6-Aug-18		Steady Platform LLC [USA]	Provides an employment platform	\$9.0m	n/a	n/a	Talent Attraction	Steady has raised \$9m in a Series A funding round led by Propel Ventures. The company intends to use the funds to accelerate growth and continue to extend product features
3-Aug-18		Namely Inc [USA]	Provides talent management software solutions	\$60.0m	\$50.0m	n/a	Talent Attraction	Namely has raised \$60m in a Series E funding round led by GGV Capital. This raises the amount of capital raised by Namely to approximately \$200m, with the latest funding round to be put towards increasing headcount and also acquiring new customers and partnerships
3-Aug-18	Intertek Group plc [UK]	Alchemy Systems LP [Riverside] [USA]	Provides employee workplace safety training SaaS for the food manufacturing sector. Software enables businesses to train employees online via pre-recorded or self-developed course content	\$480.0m	n/a	n/a	Talent Development	Alchemy, previously majority-owned by The Riverside Company, has been acquired by Intertek Group. Intertek will leverage its scale to offer Alchemy's SaaS-based people assurance solutions to its global client base across multiple business lines and industries
29-Jul-18	Up Co [FRA]	Givve Ltd [GER]	Provides an e-commerce platform enabling employee engagement and incentive solutions	n/a	n/a	n/a	Compensation and Benefits	The Up Group has acquired Givve from its previous financial investors HTGF. In a strategic buyer, Givve will benefit from The Up Group's expertise in employee engagement and larger network of customers

Selected HR Tech Deals – Third Quarter 2018

<u>Date Announced</u>	<u>Buyer</u>	<u>Target</u>	<u>Target Product Line</u>	<u>Deal Size</u>	<u>Target Revenue</u>	<u>Revenue Multiple</u>	<u>HR Tech Subsector</u>	<u>Commentary</u>
24-Jul-18		Happeo [FIN]	Develops a SaaS digital workplace platform that enables more efficient collaboration between the employees of large enterprises	\$8.0m	n/a	n/a	Workforce Management	Happeo has secured \$8m in Seed funding led by Finnish VC firms Maki.vc and Vendep. The digital workplace startup will use the funding to scale up product development, hire new personnel and extend its global presence following the opening of its Amsterdam office earlier this year
24-Jul-18	Private Group Led by Elvaston Capital [AUT]	Infoniqa Payroll Holding GmbH [AUT]	Provides human resource software solutions	n/a	n/a	n/a	Workforce Management	Elvaston Capital have acquired HR software vendor Infoniqa Group from previous financial investors Cornerstone Capital. Infoniqa has more than 2,800 customers with over 1.5 million employees in Germany, Austria and Switzerland
24-Jul-18	Bullhorn Inc [USA]	Invenias Ltd [UK]	Provides software for the executive search and recruitment market	n/a	n/a	n/a	Talent Attraction	Bullhorn has acquired Invenias, a UK-headquartered provider of cloud-based software for executive search firms. Invenias will retain its own sales organisation and management team, but its customers will benefit from access to the entire Bullhorn ecosystem of solutions
24-Jul-18		Skillshare Inc [USA]	Operates an online learning community	\$28.0m	n/a	n/a	Talent Development	Skillshare has raised \$28m in a Series C funding round led by Union Square Ventures. The funding will be used to accelerate growth and expand its learning ecosystem. Currently, Skillshare counts over 5 million users on its platform
20-Jul-18	Wipro Ltd [IND]	Alight HR Services India Pvt Ltd [IND]	The Indian operations of Alight Solutions, which provides HR and benefit management, as well as employee CRM SaaS	\$117.0m	\$174.0m	0.7x	Compensation and Benefits	Wipro has acquired the Indian operations of USA-based Alight Solutions, comprising 9,000 employees across 5 delivery centres. Wipro plan to accelerate investment in Alight's consumer-facing technologies and services across its health, wealth and cloud businesses
17-Jul-18	Reward Gateway Ltd [UK]	Brand Integrity Inc [USA]	Provides employee recognition and engagement, marketing and customer service automation SaaS	n/a	n/a	n/a	Performance	Reward Gateway, a global employee engagement company backed by Greathill Partners, has acquired Brand Integrity. The acquired business more than doubles Reward Gateway's US team, underlining its commitment and substantial investment in the US market since establishing its Boston headquarters earlier in 2018

Selected HR Tech Deals – Third Quarter 2018

<u>Date Announced</u>	<u>Buyer</u>	<u>Target</u>	<u>Target Product Line</u>	<u>Deal Size</u>	<u>Target Revenue</u>	<u>Revenue Multiple</u>	<u>HR Tech Subsector</u>	<u>Commentary</u>
17-Jul-18	Ultimate Software Group Inc. [USA]	PeopleDoc SAS [FRA]	Provides HR management, including employee case and file management, document management and related analytics SaaS	\$300.0m	n/a	n/a	Workforce Management	The acquisition of PeopleDoc brings Ultimate approximately 1,000 new customers and a significant presence in Europe. PeopleDoc has raised over \$50m in funding to date and will operate as a subsidiary of Ultimate
12-Jul-18	Led by Riverwood Capital [USA]	Greenhouse Software Inc [USA]	Develops recruitment software	\$50.0m	n/a	n/a	Talent Attraction	Greenhouse Software has raised \$50m in a Series D financing round led by Riverwood Capital, bringing its total funding to \$110m. The funding will predominantly be used to drive growth across enterprise clients, both domestically and abroad, and also to fund R&D
9-Jul-18	Morneau Shepell [CAN]	LifeWorks Corporation Ltd. [USA]	Provides employee wellbeing management SaaS. Software provides features for employee incentive programs, counseling, health coaching and support programs. Also provides features for HR communication and analytics on employee behavior	\$325.2m	\$105.0m	3.1x	Compensation and Benefits	The acquisition will bolster Morneau Shepell's geographic footprint through LifeWorks Corporation's established presence in the US, UK, Australia and Canada. Further, LifeWorks brings significant complementary strengths to Morneau Shepell's employee assistance programme business
3-Jul-18	Asure Software Inc [USA]	USA Payroll Inc [USA]	Provides workforce management solutions for various companies	n/a	n/a	n/a	Workforce Management	Asure Software has acquired USA Payroll, a reseller of various payroll and human resources solutions, including Asure's HRIS platform, Evolution. The addition of USA Payroll will expand Asure's national reach and is in line with the business' objective to scale both organically and inorganically through strategic acquisitions

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