

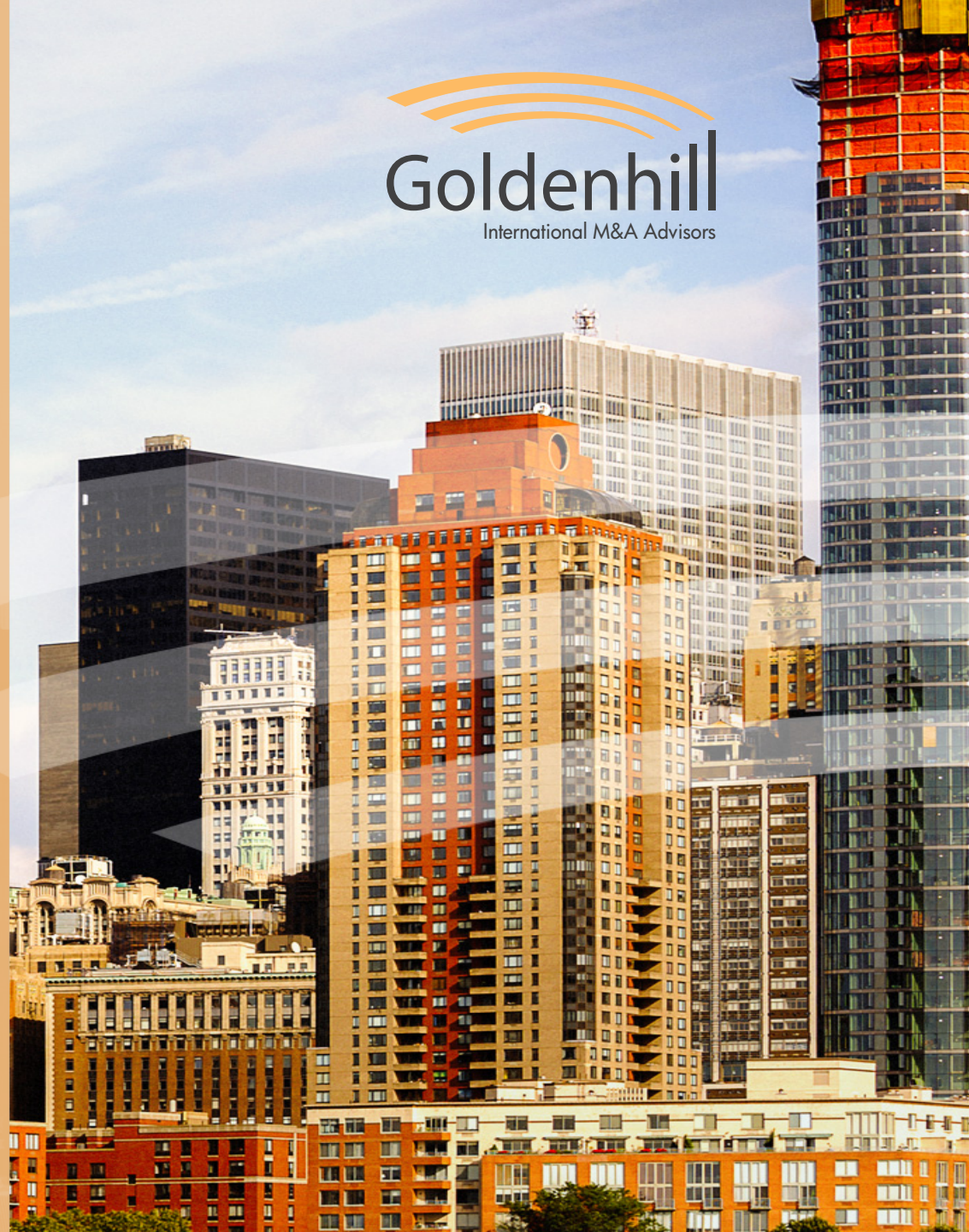
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# HR Technology Sector

M&A Review

Q4 2020



## M&A Overview

In this report, we are highlighting 36 M&A transactions within the HRTech sector. Overall deal volumes picked up since the beginning of the year, reaching its highest levels this quarter – with volumes still lower than the peak in the first half of 2019 (48 vs 36). Valuations remained strong with reported revenue multiples ranging between 2x and 7x.

Certain market segments have been gaining in popularity and driving M&A activity during the COVID-19 pandemic. Unsurprisingly, these are aligned to the shift toward remote working and include: tools and platforms for managing remote hiring, employee engagement, learning, and performance. Particularly, talent attraction solutions continued to be a hot area in M&A, with 39% of identified deals taking place in this space, followed by talent development and workforce management solutions, each representing 22% of the total deal volume.

In terms of deal types, 67% of the identified transactions were cross-border, the remaining 33% taking place domestically – predominantly in the United States.

67% of deals involved a strategic or PE-backed buyer, while only 3% involved a financial acquirer.

The most active regions in terms of M&A in the HRTech space continue to be the US and Europe (mainly the UK, France, Germany and the Nordics).

## Public Companies Overview

Q4 saw an increase in average revenue multiples across our entire sample of quoted companies, which reflects a recovery in confidence across the economy, as companies have become better equipped to handle current workforce-related challenges and expect a return to business as usual in 2021. As of 31<sup>st</sup> December, the average forward revenue multiple overall was 11.3x, going up to 12.8x for Large Cap companies and with Small Caps on average tripling their market valuations compared to the first quarter of the year.

Revenue growth continues to be one of the most important drivers for higher valuations. The companies exhibiting the highest expected revenue growth this quarter are ReadyTech (online training software provider) and HealthEquity (integrated benefits solutions that truly impact people's lives). Recurring revenue as a proportion of total revenues continues to average above 80%, with both Large and Small Cap companies averaging at 85%.

## 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



# DEAL SNAPSHOTS



- Outmatch has made several key acquisitions in 2020. following a strategic investment from Rubicon Investment Partners.
- This quarters' two acquisitions continue along the OutMatch's path of powering cloud-based, automated solutions for the new age of recruitment.
- Checkster's post-hire tools bridge the gap between talent selection and job performance, while linking the pre- and post-hire talent analytics within OutMatch's Talent Decision Platform will create a newfound ability to rigorously measure quality of hire, drive increased agility throughout the talent selection process, and create higher-performing teams with improved retention.
- Just three weeks prior, OutMatch acquired FurstPerson, a company focused on pre-hire simulations, complementing OutMatch's video interviewing capabilities, as well as its broader assessments.
- On the heels of the acquisition of Launchpad and its market-leading recruitment automation platform, these investments further OutMatch's position as a global leader in the digital hiring space.
- OutMatch's new candidate-driven talent decision management platform leverages technology such as FurstPerson's simulation assessments and LaunchPad's automation and AI solutions to provide an end-to-end digital hiring solution. The new platform ties candidate screening, assessments, video interviewing, and AI into a single integrated, automated experience – driving speed, efficiency and engagement, while removing bias and improving hiring decisions for both the candidate and recruiter.



- This quarter, Advanced announced two deals.
- The company acquired Mitrefinch, a global provider of workforce management solutions, for a total consideration of \$34m and a revenue multiple of 6.75x. The acquisition of Mitrefinch underpins Advanced's commitment to its Cloud-first strategy and extends its Cloud HR offering to its enlarged customer base.
- This represents Advanced's second acquisition of 2020 following the acquisition of Tikit a global legal, accounting and professional services software business in March.
- A few days later, Advanced announced that it has acquired Clear Review, a global performance management and employee engagement software company
- This latest deal boosts Advanced's market share in HCM, and further strengthens its offering with Cloud HR at its core, by offering a complete digital HR lifecycle from recruitment to retirement and full management of the employee journey, whilst further supporting the company's ambition to become the number one provider of business software solutions in the UK and broadening its global reach.
- It is the fourth transaction since the firm received an investment from funds advised by BC Partners and Vista Equity Partners to accelerate growth in August 2019.

# M&A HIGHLIGHTS Q4 2020

**\$1.7bn**

Aggregate Deal Value

**\$56m**

Average Deal Size<sup>1</sup>

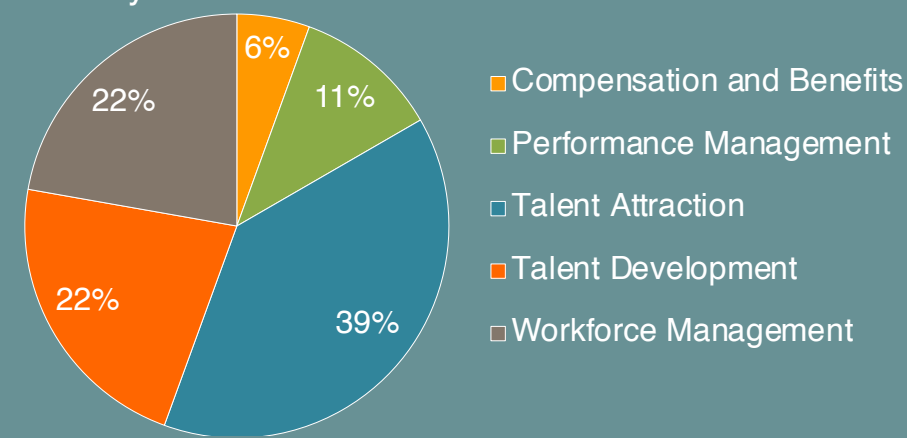
**3.8x**

Average Revenue Multiple

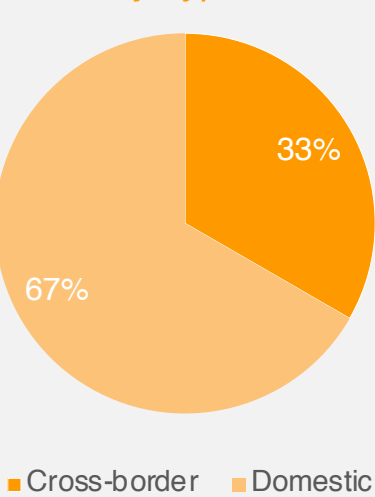
Deal Volume



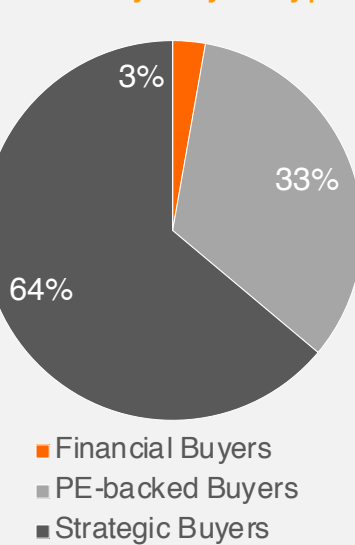
Deals by Subsector



Deals by Type



Deals by Buyer Type



<sup>1</sup>Excluding Churchill II / Skillsoft merger valued at \$1.3bn

# SELECTED TALENT ATTRACTION TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Oct-20	HireVue (US)	AllyO (SaaS Labs) (US)	Leading end-to-end recruiting AI and automation software.	n/a	n/a	n/a	This acquisition positions HireVue as a transformational player in the hiring landscape. AllyO's industry leading recruiting chatbot and automated workflow software combined with HireVue's state-of-the-art on-demand video interviewing and assessments, will increase hiring velocity and improve talent quality for companies, accessing a wider, more diverse candidate pool.
Oct-20	OutMatch, Inc. (US)	FurstPerson (US)	Provider of pre-hire assessments for contact centers that include aptitude tests, job simulators and personality tests.	n/a	n/a	n/a	FurstPerson's simulation tools are a perfect complement to OutMatch's video interview offerings, as well as the broader suite of OutMatch assessments, which measures communication skills, motivation, and other key traits. OutMatch's new candidate-driven talent decision management platform leverages technology such as FurstPerson's simulation assessments and LaunchPad's automation and AI solutions to provide an end-to-end digital hiring solution.
Nov-20	ANSR Consulting, Inc. (US)	Fastnext Education Private Limited (India)	Developer of an AI- recruitment platform which finds talent, based not only on technical skills but also cultural fitment and career objective fitment.	n/a	n/a	n/a	The acquisition will enable ANSR empower global enterprises to build the best teams for their Global Capability Centres (GCC) by using deep learning and AI-powered tools across talent acquisition and management, smart workspace management and business workflows.
Nov-20	Top Echelon Software LLC (US)	CATS Software (US)	Provider of applicant tracking software designed specifically for professional recruiters who help companies from all over the world fill their hiring needs.	n/a	n/a	n/a	This acquisition combines two best-of-breed ATS companies to address the complex and evolving challenges in the war for talent. The acquisition expands Top Echelon's customer and revenue base and strengthens its software offering. Top Echelon will continue to support new and existing CATS customers, as well as expand its market reach to mid-sized businesses both domestically and globally.
Nov-20	SmartRecruiters, Inc. (US)	JobPal (Germany)	Provider of custom chatbots that facilitate the engagement between companies and candidates.	n/a	n/a	n/a	The move enters SmartRecruiters into the rapidly growing recruitment process automation (RPA) market, where the future of recruiting prioritizes human interactions and automates repetitive, time consuming tasks.

# SELECTED TALENT ATTRACTION TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Nov-20	OutMatch, Inc. (US)	Checkster Inc. (US)	Provider of provider of pre-hire and post-hire talent insights solutions	n/a	n/a	n/a	The acquisition of Checkster integrates best-in-class automated reference checking offering and post-hire insights into OutMatch's Talent Decision Platform, which brings unique talent insights derived from the combination of assessments, job simulations, and video interviews. Linking the pre- and post-hire talent analytics within OutMatch's Talent Decision Platform will create a newfound ability to rigorously measure quality of hire, drive increased agility throughout the talent selection process, and create higher-performing teams with improved retention.
Nov-20	iCIMS, Inc. (US)	EASYRECRUTE SAS (France)	Provider of video interviewing and digital assessment based in Europe.	n/a	n/a	n/a	This acquisition triples iCIMS' global footprint, now with more than 100 employees in EMEA, and extends the capabilities of the Talent Cloud, providing its user community of more than 330 million candidates and hiring professionals with an opportunity to leverage cutting-edge video interviewing technology and assessment capabilities. This supports the critical need for customers to globally interview and assess candidates digitally, through video.
Nov-20	Mysolution BV (Netherlands)	OTYS (Netherlands)	Provider of cloud-based recruitment software	n/a	n/a	n/a	Since 2001, OTYS has acquired a market position in the Netherlands, Belgium, France and 17 other countries with their cloud-based recruitment software. The acquisition of OTYS follows an earlier takeover of Tangram, another important player in recruitment software in the Netherlands and confirms Mysolution's ambition to play a leading role in cloud-based recruitment solutions as a Dutch software house.
Nov-20	VONQ (Netherlands)	IGB (Netherlands)	Provider of automated job posting and programmatic job marketing solutions, including data-driven, intelligent recruitment tools, that support employment agencies, recruitment and selection agencies, as well as direct employers in posting vacancies across more than 1.000 channels.	n/a	n/a	n/a	This acquisition follows investment by pan-European private equity fund manager, capital D. This move accelerates VONQ's push into new markets and its momentum towards becoming the global leader in SaaS job marketing solutions. IGB will profit from the addition of media purchasing to their business model while VONQ's Job Marketing Platform will be strengthened by IGB's programmatic technology. The combination also allows for greater expansion internationally.

# SELECTED TALENT ATTRACTION TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Nov-20	Vettery Inc (Switzerland)	Hired, Inc. (US)	US-based hiring platform focused on matching technology talent with jobs.	n/a	n/a	n/a	Vettery's (owned by The Adecco Group) acquisition of Hired advances its global reach with a combined presence in 23 cities across the US, Canada, UK, Ireland, and France. This acquisition also expands Vettery's AI-driven talent solution with Hired's industry-leading matching technology, technical assessments, bias reduction features, and over 3 million assessed candidates combined. Moreover, it accelerates Vettery and Hired's expansion in technology and remote hiring and expands Hired into new verticals including marketing, sales, and finance.
Nov-20	HeadHunter (Russia)	Zarplata (Russia)	Operator of a job classified platform with a strong footprint in certain Russian regions, such as Siberia and the Urals.	46	n/a	n/a	This transaction will stimulate growth in important areas such as expanding HeadHunter's reach in the Russian Regions and outreach to blue collar segments and small and medium accounts. This acquisition also offers significant synergy potential with an expectation that HeadHunter and Zarplata will align their sales, monetisation and marketing strategies as well as product development. The firm will operate separately from HeadHunter.
Dec-20	SAS PIXID (France)	Connecting-Expertise NV (Belgium)	SaaS company, operating a vendor management system platform for the Belgian market with blue-chip customers.	n/a	n/a	n/a	Following the 2018 acquisition of Dutch staffing CRM supplier Carerix, Pixid claims that the acquisition of Connecting-Expertise reinforces the Group's leadership in the Benelux area and adds a new presence in Belgium to its existing offices in France, the UK (since its acquisition of The Internet Corporation in 2017) and the Netherlands.
Dec-20	Phenom People, Inc. (US)	Endouble (Netherlands)	Amsterdam-based HR and recruitment services firm known for enhancing the candidate experience across Europe.	n/a	n/a	n/a	The deal expands Phenom's regional presence and adds technical expertise, while strengthening customer onboarding and adoption of Talent Experience Management.
Dec-20	Recruiter.com Group, Inc. (OTCPK:RCRT) (US)	OneWire, Inc. (US)	SaaS-based recruiting and software platform focused on the financial services sector.	n/a	n/a	n/a	Recruiter.com's acquisition of OneWire adds an innovative, subscription-based talent-matching platform; an incredible array of financial, banking, and accounting clients; and a community of industry professionals. Moreover, OneWire will be in an excellent position to leverage the reach and distribution of the Recruiter.com platform, driving significant leads and incremental revenue across the company's product and service offerings.

# SELECTED TALENT DEVELOPMENT TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Oct-20	Persol (Japan)	Perkbox Limited (UK)	Provider of an online employee engagement platform for small businesses	n/a	n/a	n/a	Persol Holdings also announced that it made two separate investments. The staffing firm invested in UK-based Perkbox Limited, which develops and operates a globally available employee engagement platform for SMEs. The investment was made through the Persol Innovation Fund.
Oct-20	Staffbase (Germany)	teambay (Germany)	Employee survey company that helps create modern working environments by engaging employees with customizable surveys	n/a	n/a	n/a	Blending teambay's employee survey function into Staffbase solutions helps organizations to move from feedback to action within a single platform, making Staffbase first vendor to combine measurement and improvement of employee engagement on the same platform.
Oct-20	Churchill Capital Corp II (US)	Skillsoft (US)	Provider of online learning and e-learning solutions for global enterprises, SMEs, governments and educational institutions.	1,300	n/a	n/a	Churchill Capital Corp II (NYSE: CCX.U), a special purpose acquisition company, and Skillsoft, a global leader in digital learning and talent management solutions, entered into a definitive agreement to merge, in a transaction valued at approximately \$1.3 billion and, following the closing of the merger, the combined company will acquire Global Knowledge for approximately \$233 million, putting the total cost of the transactions at \$1.5 billion. The combined company will operate as Skillsoft and will be listed on the New York Stock Exchange (the "NYSE").
Oct-20	SkillSoft (US)	Global Knowledge (US)	Provider of technology skills training business that offers various IT courses and certification programs.	233	115	2	Following the closing of the merger, the combined company will acquire Global Knowledge for approximately \$233 million, putting the total cost of the transactions at \$1.5 billion. (See above) The combination of Skillsoft and Global Knowledge will create the world's leading digital learning company with a comprehensive suite of content; customized learning journeys; accessible modalities, and an expanded course portfolio of next-generation, on-demand and virtual content for enterprise learning.
Oct-20	Achievers Solutions Inc (Canada)	TemboSocial, Inc. (Canada)	Developer of employee recognition, retention, and feedback software solutions	n/a	n/a	n/a	The acquisition of TemboSocial extends Achievers' employee engagement solution with additional tools and surveys, forms, quizzes, and polls in one platform.. The TemboSocial acquisition follows Achievers' recent swell of new customer wins and industry awards. Achievers recently spun out from BlackHawk as a separate entity, co-owned by Silver Lake and P2 Capital Partners.



# SELECTED TALENT DEVELOPMENT TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Nov-20	Civica Group Limited (UK)	Agylia (UK)	Provider of specialist educational software which helps organisations around the world support, develop and engage their people through innovative learning management and eLearning solutions.	n/a	n/a	n/a	In line with Civica's focused growth strategy, Agylia adds cloud software capability to extend the Group's position in established markets. Its learning management software complements Civica's broad suite of workforce management solutions, which range from recruitment, HR & Payroll to field service management, employee engagement and occupational health. The acquisition also supports the company's growth with Software as a Service (SaaS) applications allied to its cloud-first approach.
Dec-20	Total Specific Solutions (TSS) B.V. (Netherlands)	Alcuin SAS (France)	Provider of Training Management Systems (TMS) and Human Capital Management (HCM) solutions for higher education, training centers, and HR departments of private companies in France.	n/a	6	n/a	With this acquisition, TSS will not only expand its foothold in France, but will also extend its presence in the educational market. Moreover, Alcuin has a loyal client base with whom TSS will discuss the next phase of product development to ensure the best possible performance for their business. This is the eighth company in France to join the TSS Group.
Dec-20	Knosys Limited (ASX:KNO) (Australia)	GreenOrbit Pty Ltd (Australia)	Provider of an intranet platform for employee engagement and team collaboration.	4	2	2	This acquisition will further boost Knosys' strategy to provide multiple SaaS offerings with a shared services model. The company also said that its growth strategy should help it to scale into a global operation making use of the expanded sales office footprint along with a cost-effective model of shared services. The acquisition of GreenOrbit (GO) will form the second pillar of Knosys' international expansion pathway and complement their existing Knowledge IQ platform which is a cloud-based service that integrates internal workflows into one platform designed to improve customer experiences.

# SELECTED WORKFORCE MANAGEMENT TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Oct-20	Allocate Software (UK)	Selenity (UK)	Cloud based provider of HR and finance process management software.	n/a	n/a	n/a	<p>The addition of Selenity's core HR process solutions to Allocate's workforce platforms, including HealthRoster Optima the market leading workforce optimisation software for health and care, will transform the end-to-end people management processes of its 600 customers world-wide.</p> <p>The acquisition comes just days after Allocate launched its next generation e-Rostering software for health and care organisations, HealthRoster Optima 11, and it follows earlier acquisitions of learning management software (Enterprise Study) and staff agency management software (247Time), demonstrating Allocate's strategy to innovate and invest as it defines the emerging Healthcare People Management space. Selenity also brings with it an important commercial business of some 200 customers which aligns to Allocate's existing non-health brands, which includes customers across the defence, maritime and the outsourced services sectors.</p>
Oct-20	Justworks Inc (US)	Boomr Inc. (US)	Provider of cloud-based Time and Attendance solutions that simplify and automate the process of tracking employees' work hours.	n/a	n/a	n/a	<p>The two companies have a track record of working together since 2018. With this acquisition, Justworks will expand its all-in-one offering to serve more diverse types of small businesses, as well as deepen its portfolio of timecard and payroll features for a growing segment of its customers' 95,000+ employees.</p>
Oct-20	HealthStream, Inc. (NasdaqGS:HSTM) (US)	ShiftWizard, Inc. (US)	Developer of a SaaS-based solution that integrates key workforce management capabilities, including scheduling, productivity, and forecasting designed for healthcare organisations.	32	n/a	n/a	<p>Adding ShiftWizard to HealthStream's offerings affords HealthStream even greater reach to the healthcare workforce—across both the organizational and individual levels. Moreover, the complementary positioning of ShiftWizard and NurseGrid (earlier 2020 acquisition) will enable integrations that will yield even smarter schedule management and enhanced nurse engagement.</p>
Oct-20	MYOB Inc. (Australia)	Roubler (Australia)	Provider of integrated workforce management software	n/a	n/a	n/a	<p>The majority investment will see MYOB acquire and integrate Roubler's unique WFM functionality within its ERP and PS suite, MYOB Advanced, resulting in a powerful end-to-end business management platform.</p>

# SELECTED WORKFORCE MANAGEMENT TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Oct-20	Advanced Computer Software Group Limited (UK)	Mitrefinch Ltd. (UK)	Provider of employee management and security solutions for businesses, including time and attendance, employee absence management software, and rostering software	n/a	n/a	n/a	<p>This is Advanced's second acquisition of 2020 following the acquisition of Tikit a global legal, accounting and professional services software business in March and the third since it received an investment from funds advised by BC Partners and Vista Equity Partners to accelerate growth in August 2019. The deal marks an exit for leading mid-market private equity investor LDC, which first backed Mitrefinch in 2016.</p> <p>This latest deal boosts Advanced's market share in HCM, and further strengthens its offering with Cloud HR at its core, by offering a complete digital HR lifecycle from recruitment to retirement and full management of the employee journey.</p>
Oct-20	Quinyx (Sweden)	Widget Brain (Netherlands)	Provider of AI solutions that help automate and optimise workforce scheduling	n/a	n/a	n/a	The acquisition will further enhance Quinyx's proposition by allowing organisations using its software to automate their labour optimisation process through Widget Brain's AI driven technology, helping further increase business performance, labour law compliance and safety, all while reducing overall labour spend.
Nov-20	Industrial and Financial Systems, IFS AB (publ) (Sweden)	Clevest Solutions Inc. (Canada)	Provider of workforce management software that connects the mobile workforce to office operations for energy and water utilities.	n/a	n/a	n/a	This acquisition extends IFS's leadership in service management solutions as it intensifies its focus on driving service experience. Clevest is an ideal addition to IFS with its proven utilities domain expertise, market-leading capabilities and impressive international blue-chip client bases.
Dec-20	TimeClock Plus, LLC (US)	Humanity.com, Inc (US)	Provider of cloud-based employee scheduling platform that enables its customers to easily and accurately create dynamic schedules for staff	n/a	n/a	n/a	This represents TCP's first acquisition, demonstrating the company's continued growth strategy. The feature-rich, proven scheduling solution will be integrated into TCP's cloud-based workforce management software suite.

# SELECTED COMPENSATION & BENEFITS TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Dec-20	Civica Group Limited (UK)	Equiniti's HR Solutions business (UK)	The HR Solutions, the HR and payroll business of the London FTSE 100-listed Equiniti Group.	18	7	3	<p>The acquisition will strengthen Civica's existing integrated HR, payroll and time and attendance capability, as well as complement the group's broad suite of workforce management solutions.</p> <p>It will also increase the scale of activity and extend the delivery of payroll solutions into core markets such as the health sector for Civica, giving it a combined 200 employees in Northern Ireland.</p>
Dec-20	CBIZ, Inc. (NYSE:CBZ) (US)	Substantially All the Assets of BeyondPay Inc. (US)	Developer of software solutions and services for human resource management, including software solutions for payroll and tax filing, core HR enterprise, and time and labor management.	n/a	n/a	n/a	The acquisition of BeyondPay will enable CBIZ to deliver a higher level of service to its clients and accelerate growth within this service offering



# SELECTED PERFORMANCE MGMT TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Oct-20	Elmo Software Limited (Australia)	Breathe (UK)	Provider of HR software for SMEs, focusing on documents, performance, payroll, recruitment, and reporting.	28	5	6	The acquisition provides ELMO with entry to a new market segment, the small business market while at the same time expanding ELMO's footprint in the UK.
Oct-20	Advanced Business Software and Solutions Limited (UK)	Clear Review Limited (UK)	Provides a cloud-based performance management and engagement platform that promotes frequent employee feedback and continuous employee-manager conversations.	34	5	7	This is Advanced's third acquisition of 2020 and extends its Human Capital Management capability centred around Cloud HR which now supports the entire employee lifecycle from recruitment to retirement. The acquisition further supports the company's ambition to become the number one provider of business software solutions in the UK while expanding its global reach.
Oct-20	Rocket Software, Inc. (US)	OpenConnect Systems Incorporated (US)	Developer of process intelligence and workforce analytics solutions, including WorkiQ, a workforce reporting and analytics tool that facilitates managers to get real-time visibility into the productivity of each employee based on the actual process and complexity of each individual transaction they process	n/a	n/a	n/a	Rocket Software acquired OpenConnect Systems from ActiveOps. ActiveOps acquired OpenConnect Systems in Aug-19, with funding support for the deal provided by Wells Fargo Capital Finance.
Nov-20	Paylocity Holding Corporation (NasdaqGS:PCT Y) (US)	Samepage Labs Inc. (US)	Developer of team collaboration and messaging software, enabling teams to manage projects online in real-time with simultaneous editing, version control, task management, group video calling, and file sharing.	n/a	n/a	n/a	<p>With the deal, Paylocity expands its product functionality in these areas and demonstrates a commitment to building its modern workforce suite of solutions that meet the needs of both HR teams and employees.</p> <p>Through Paylocity's acquisition of Samepage, clients and their employees can collaborate to elevate the remote work experience while increasing productivity and efficiency among teams.</p>

# PUBLIC COMPS HIGHLIGHTS

11.3x

Avg. EV/Revenue CY2020E

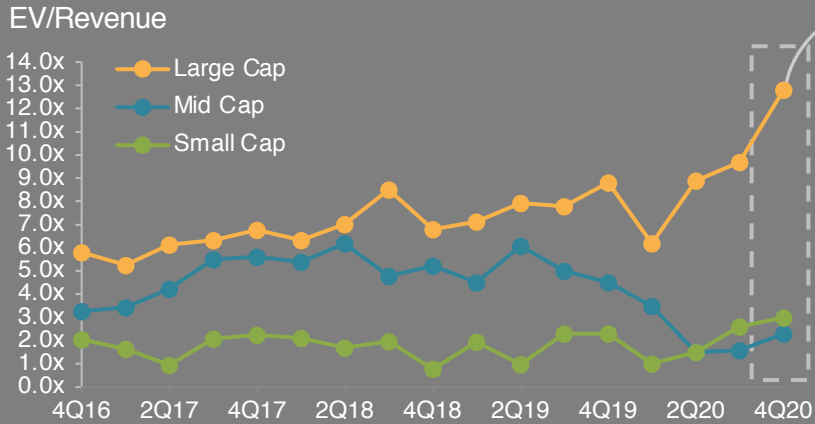
16%

Avg. Revenue Growth CY2019

85%

% Recurring Revenue

Historic Revenue Multiples



## Large Cap

12.8x

Avg. EV/Revenue

22%

Avg. Revenue Growth

85%

% Recurring Revenue

## Mid Cap

2.3x

Avg. EV/Revenue

7%

Avg. Revenue Growth

74%

% Recurring Revenue

## Small Cap

3.0x

Avg. EV/Revenue

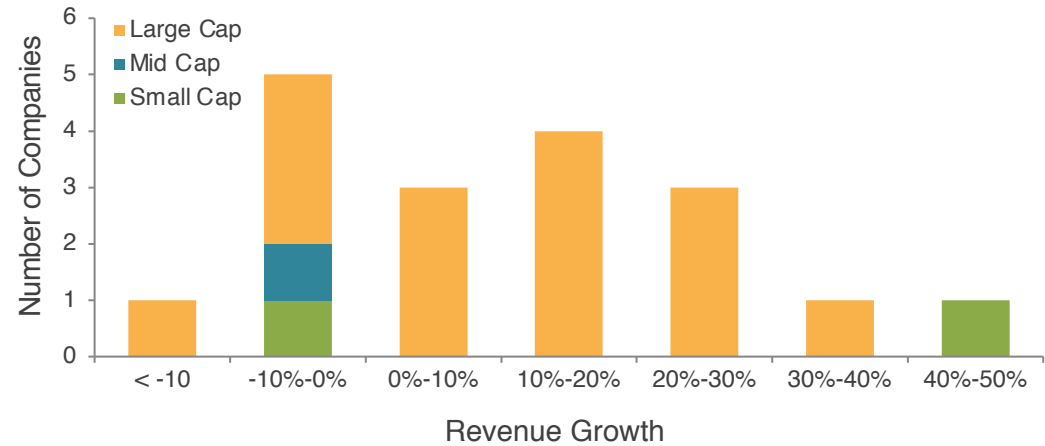
-1%

Avg. Revenue Growth

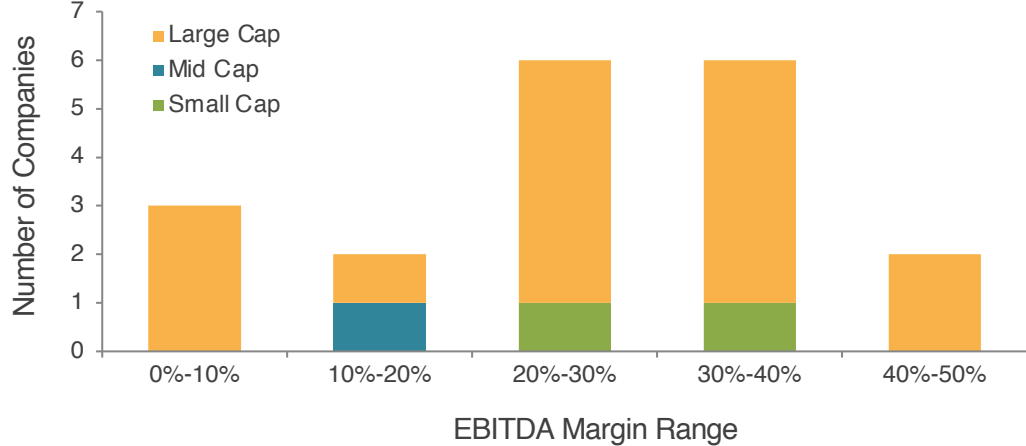
93%

% Recurring Revenue

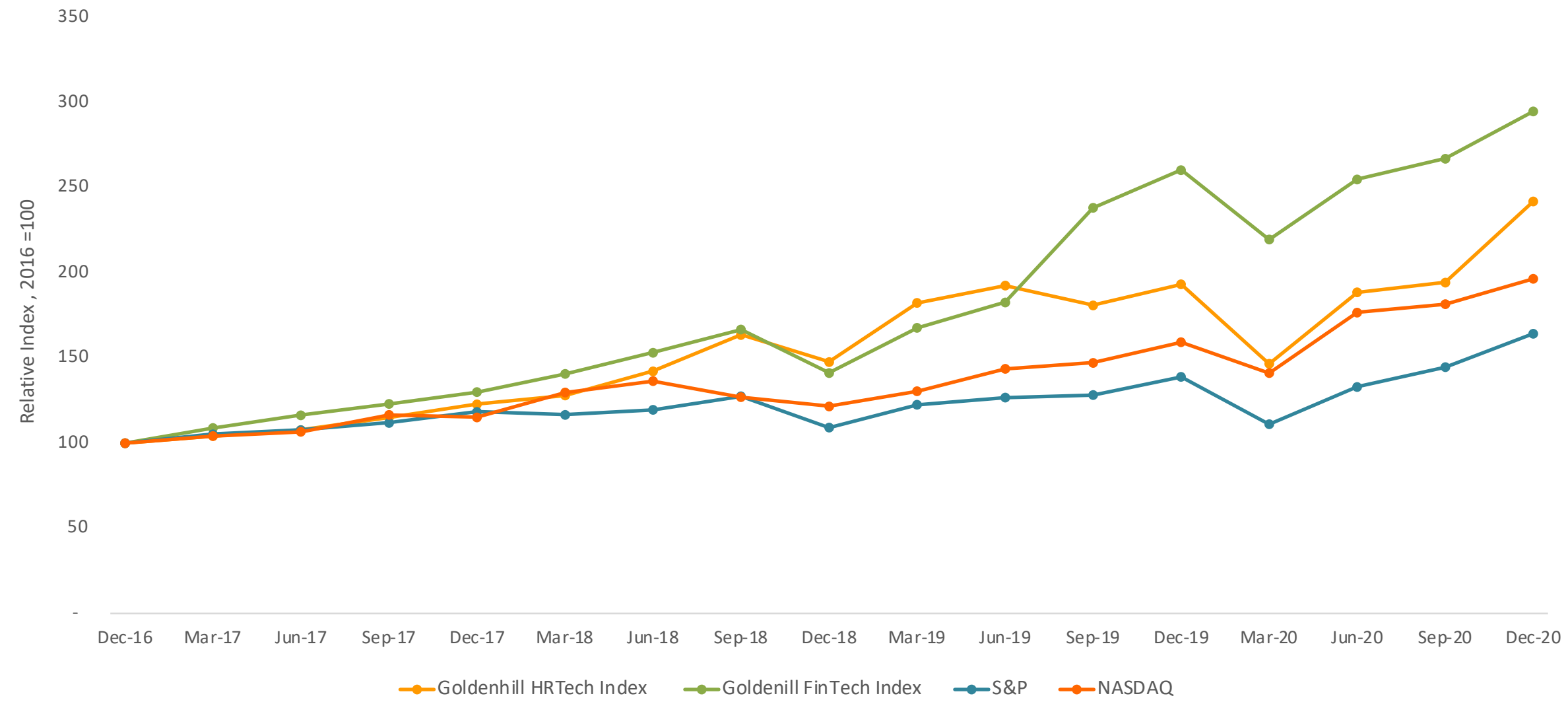
Revenue Growth Distribution



EBITDA Margin Distribution

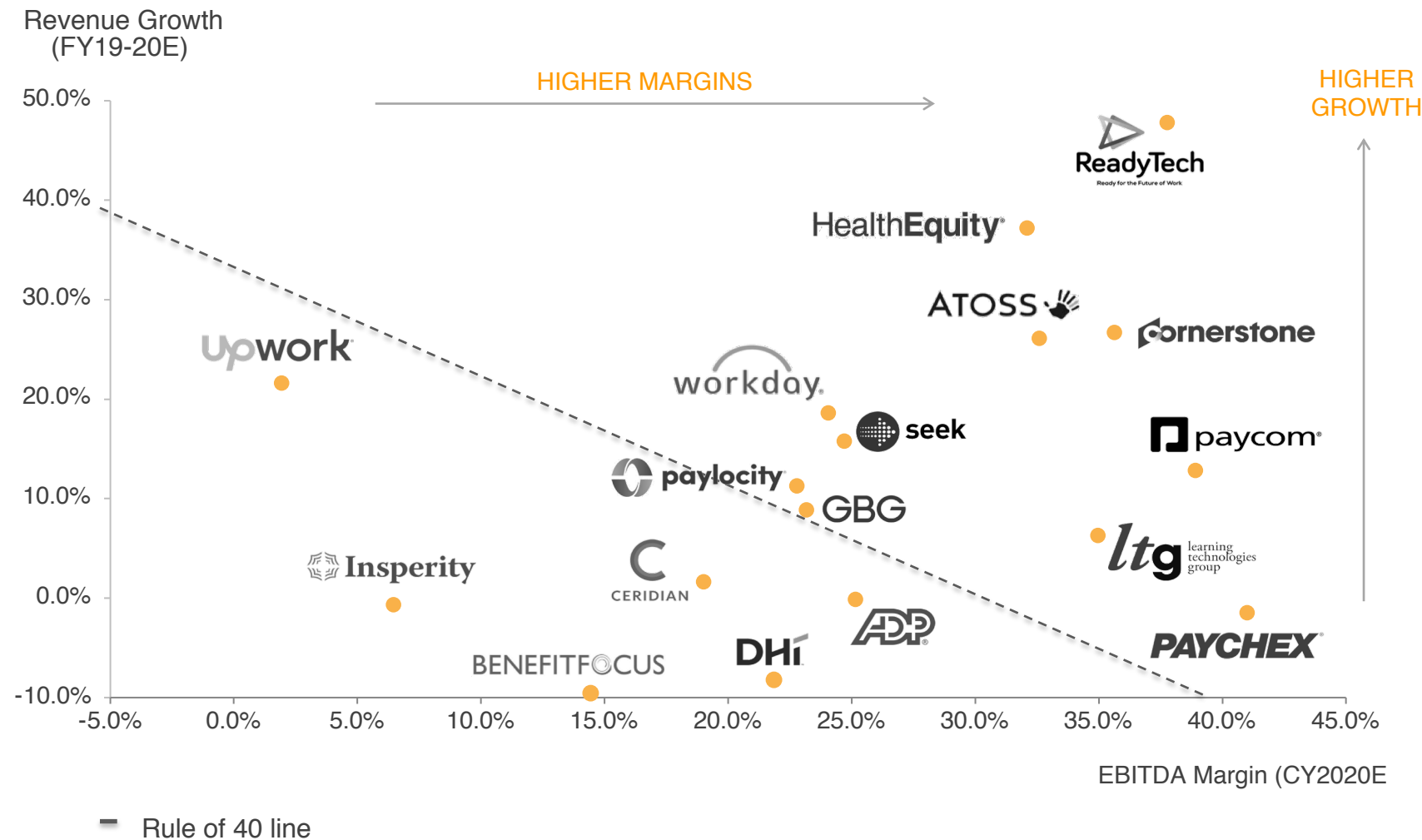


# GOLDENHILL HRTECH INDEX



# 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 Fiverr (freelancing marketplace) and Learning Technologies Group (workplace digital learning and talent management software).



# SECTOR VALUATION METRICS

Company	Ticker	Share Price	Market	Net Debt	Enterprise	Revenue	EV/Revenue		EV/Revs	EV/EBITDA		Revenue Growth		EBITDA Margin		% Revs
		Local 31-Dec-20	Cap (\$m) <sup>(1)</sup>	(\$m) <sup>(2)</sup>	Value (\$m)	CY20E (\$m)	CY2019	CY2020E	Recurring	CY2019	CY2020E	CY2019	CY2020E	CY2019	CY2020E	Recurring <sup>(3)</sup>
Selected Large Cap																
ADP	ADP US Equity	176.2	75,557	550	76,107	14,577	5.3x	5.2x	5.4x	21.1x	20.8x	3.4%	-0.2%	25.2%	25.1%	97%
Workday	WDAY US Equity	239.6	57,506	(375)	57,132	4,245	16.0x	13.5x	15.4x	NM	55.9x	28.5%	18.6%	-1.7%	24.1%	88%
Paychex	PAYX US Equity	93.2	33,604	4	33,607	4,005	8.6x	8.4x	8.5x	20.5x	20.5x	7.1%	-1.5%	41.8%	41.0%	98%
Paycom	PAYC US Equity	4.5	26,462	(72)	26,390	832	35.8x	31.7x	32.3x	94.7x	81.5x	30.3%	12.8%	37.8%	38.9%	98%
Ceridian HCM	CDAY US Equity	106.6	15,750	435	16,185	837	19.6x	19.3x	23.5x	NM	NM	11.3%	1.6%	17.3%	19.0%	82%
Paylocity	PCTY US Equity	205.9	11,170	(104)	11,066	593	21.5x	18.7x	18.8x	NM	81.9x	20.0%	11.2%	19.9%	22.8%	99%
SEEK Ltd	SEK AU Equity	28.5	7,749	965	8,714	1,142	8.1x	7.6x	10.8x	30.7x	30.9x	-3.7%	15.7%	26.3%	24.7%	70%
Fiverr	FVRR US Equity	195.1	6,851	(149)	6,702	188	62.6x	35.7x	48.9x	NM	NM	41.8%	75.5%	-29.1%	4.8%	73%
Trinet	TNET US Equity	80.6	5,371	175	5,546	1,032	1.4x	5.4x	6.2x	16.1x	12.2x	10.1%	-73.2%	8.9%	44.1%	87%
Healthequity	HQY US Equity	69.7	5,367	1,109	6,476	713	12.7x	9.1x	9.1x	47.3x	28.3x	85.2%	37.2%	26.8%	32.1%	100%
Upwork	UPWK UW Equity	34.5	4,214	(91)	4,123	365	13.7x	11.3x	12.4x	NM	NM	18.6%	21.6%	-2.2%	1.9%	91%
Insperty	NSP US Equity	0.8	3,123	(59)	3,064	4,284	0.7x	0.7x	0.7x	13.2x	11.1x	12.7%	-0.7%	5.4%	6.5%	99%
Cornerstone	CSOD US Equity	44.0	2,845	(50)	2,795	730	4.8x	3.8x	4.1x	43.0x	10.7x	7.2%	26.7%	11.3%	35.6%	93%
GB Grp	GBG LN Equity	9.4	2,512	51	2,563	270	10.8x	9.5x	28.8x	48.6x	41.0x	34.4%	8.9%	22.2%	23.2%	33%
Learning Tech	LTG LN Equity	1.8	1,836	11	1,847	177	11.1x	10.5x	12.9x	33.2x	29.9x	32.5%	6.3%	33.5%	35.0%	81%
Atoss	AOF GR Equity	158.0	1,544	(19)	1,525	101	19.1x	15.1x	21.0x	60.5x	46.4x	8.1%	26.1%	31.5%	32.6%	72%
Average							15.7x	12.8x		39.0x	36.2x	22%	12%	17.2%	25.7%	85.1%
Total (Large Cap)			261,462	2,380	263,841											
Selected Mid Cap																
Benefitfocus	BNFT US Equity	14.5	466	153	619	267	2.1x	2.3x	2.9x	NM	16.0x	14.3%	-9.6%	-0.5%	14.4%	80%
CDEL	DL US Equity	0.1	324	(53)	271	NA	1.3x	NA	NA	NA	NA	-1.1%	NA	NA	NA	69%
Average							1.7x	2.3x		NA	16.0x	7%	-10%	-0.5%	14.4%	74.2%
Total (Mid Cap)			790	100	890											
Selected Small Cap																
Freelancer	FLN AU Equity	0.5	169	(4)	165	NA	4.1x	NA	NA	86.0x	NA	4.0%	NA	4.8%	NA	NA
ReadyTech	RDY AU Equity	2.1	150	13	163	33	6.6x	5.0x	5.6x	21.3x	13.2x	12.7%	47.8%	30.8%	37.8%	89%
DHI Group	DHX US Equity	2.2	116	24	141	137	0.9x	1.0x	1.0x	4.7x	4.7x	-7.6%	-8.3%	19.9%	21.9%	100%
Dillistone	DSG LN Equity	16.0	4	1	5	NA	0.5x	NA	NA	5.3x	NA	-11.7%	NA	8.8%	NA	90%
Average							3.0x	3.0x		29.4x	9.0x	-1%	20%	16.0%	29.8%	93.0%
Total (Small Cap)			440	34	474											
Sector Total			262,692	2,513	265,205		12.2x	11.3x	14.1x	36.4x	31.6x	16%	11%	16%	26%	85%

(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

- Partner-centric firm 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 Human Capital
- Our Partners have advised on 100+ transactions with values up to £130m; the majority (70%) of our engagements result in cross-border transactions
- International presence with offices in London, San Diego and Buenos Aires
- Proven track record of successful long-term advisory relationships positioning clients for premium transactions using current insights into the relevant strategic investors

## Selected Transactions



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