

FLASH REPORT – July 2023

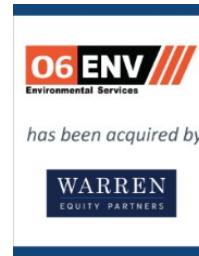
Business Services: Human Capital Management



Quarterly Update

- Technology is driving M&A activity in HCM, highlighted by RSM's recent acquisition of Wise Consulting to expand the firm's technological capabilities and solutions.
- The skilled labor shortage is increasing demand for digital solutions that automate and optimize recruiting functions
- The shortage of skilled talent is incentivizing companies to invest in workforce development, particularly technology-based solutions that enhance training, to improve employee satisfaction and retention.
- Despite many organizations ordering employees back to the office, hybrid work is expected to continue. As a result, companies are demanding digital solutions that foster an environment of development for their hybrid teams.
- Companies are investing in solutions to support DEI initiatives, from updating recruiting and hiring to modifying workforce development and staffing decisions.
- The growth of the gig economy is driving demand for temporary staffing services, particularly staffing for professional services positions.

Recent Business Services Transactions



For more information and insights, please contact the EdgePoint Business Services Group:



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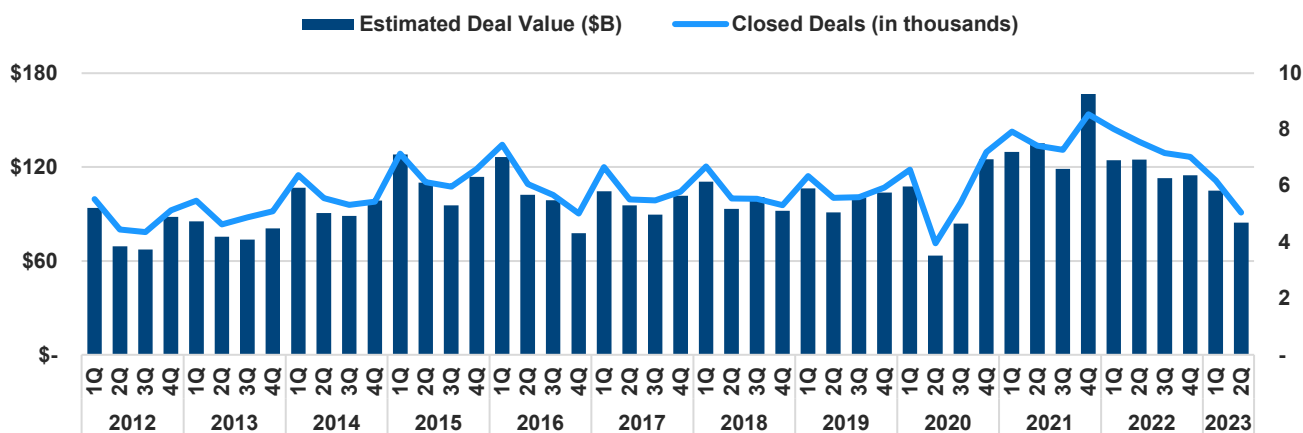
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Recent Human Capital Management Transactions (Selected)

Target	Date	Buyers / Investors	Region	Strategic / Financial
SmartLinx Solutions LLC	Jul 24	Lone View Capital	United States	Financial
TrueAbility Inc.	Jul 20	Aluminum Inc.	United States	Strategic
CarePlus Management, LLC	Jul 13	CRH Medical Corporation	United States	Strategic
Peak Performance Solutions, Inc.	Jul 13	The Brydon Group	United States	Financial
Business Management Systems, Inc.	Jul 12	GIS Workshop, LLC	United States	Financial-Backed Strategic
Central Standard Talent	Jul 11	Metova, Inc.	United States	Strategic
Integrity HR, Inc.	Jul 6	Marsh & McLennan Agency LLC	United States	Strategic
Ingage Solutions	Jun 20	Vidcruiter Inc.	United States	Financial-Backed Strategic
ClearlyRated, Inc.	Jun 15	Software Growth Partners	United States	Financial
Helbling & Associates, Inc.	Jun 14	ZRG Partners, LLC	United States	Financial-Backed Strategic
Midtown HR	Jun 13	employEZ, LLC	United States	Strategic
Limeade, Inc.	Jun 8	WebMD Health Services Group, Inc.	United States	Strategic
S&W Payroll Services, L.L.C.	Jun 7	Growthcurve Capital	United States	Financial
Global People	Jun 6	NL Starfish Partners	United States	Financial
Bigfoot Search LLC	Jun 5	Flatiron Search Partners, LLC	United States	Strategic
Proservice	May 22	Silver Lake	United States	Financial
Modern Hire, Inc.	May 9	HireVue, Inc.	United States	Financial-Backed Strategic
Clinical Consulting Services, LLC	May 9	American Clinical Research Services	United States	Financial-Backed Strategic
Lawrence Recruiting Specialists Inc.	May 9	Jackson Healthcare, LLC	United States	Strategic
Build Talent LLC	May 8	Riviera Partners, Inc.	United States	Strategic
Wise Consulting Associates, LLC	May 3	RSM	United States	Strategic
HR Downloads Inc.	May 2	The Citation Group	Canada	Financial-Backed Strategic
Employers Resource Association, Inc.	May 1	The Management Association, Inc.	United States	Strategic

Source: S&P Capital IQ (July 31, 2023)

Global Lower-Middle Market Quarterly Deal Flow



- Strategic and financial acquirers continue to pursue transactions in the HCM industry, particularly targeting firms that implement and optimize human capital technology solutions.
- Professional, industrial, healthcare, and IT-focused staffing firms are drawing M&A interest as well.

Source: Pitchbook (July 31, 2023); Lower-middle market refers to deals valued at \$100 million or less

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EdgePoint Public Comparable Index Constituents

HCM Platforms

Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue		Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2023E	LTM	2023E	LTM	LTM	3-Yr. CAGR			
Ceridian HCM Holding Inc.	\$ 11,696	47.3%	11.5%	\$ 159	\$ 375	92.3x	31.2x	\$ 1,388	22.4%	18.3%	\$ 70.81	88.9%	
Intuit Inc.	146,235	79.6%	26.8%	3,768	5,846	37.4x	25.0x	14,070	9.3%	27.1%	511.70	99.5%	
Oracle Corporation	403,819	72.8%	38.0%	18,986	25,089	20.3x	16.1x	49,954	17.7%	8.5%	117.23	91.9%	
SAP SE	142,269	71.3%	19.1%	6,105	10,043	21.8x	14.2x	31,885	10.7%	4.3%	124.40	96.0%	
Workday, Inc.	58,676	73.2%	2.7%	176	1,963	178.1x	29.9x	6,465	19.8%	19.2%	237.13	99.4%	
Median		72.8%	19.1%	3,768	5,846	37.4x	25.0x	14,070	17.7%	18.3%	124.40	96.0%	
Mean		68.9%	19.6%	5,839	8,663	70.0x	23.3x	20,753	16.0%	15.5%	212.25	95.1%	

Talent Acquisition

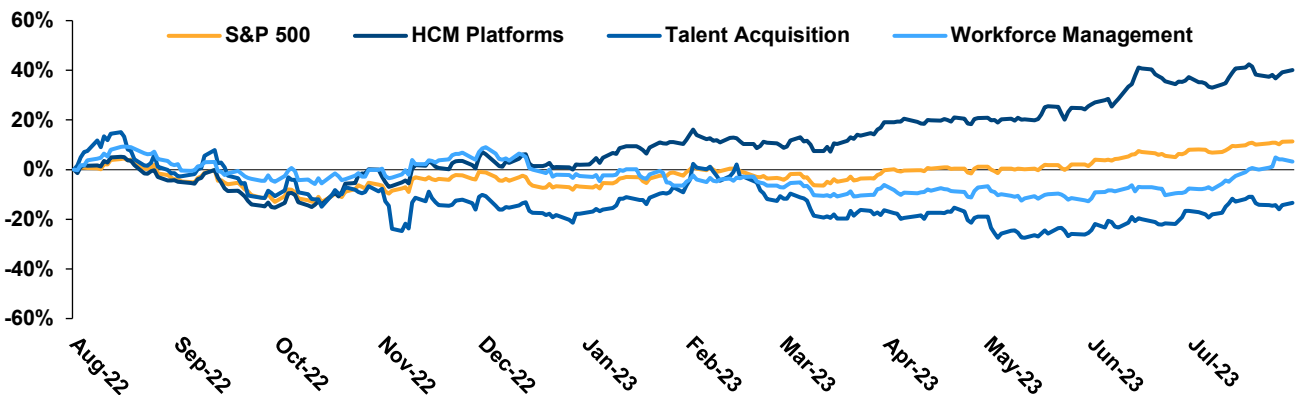
Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue		Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2023E	LTM	2023E	LTM	LTM	3-Yr. CAGR			
DHI Group, Inc.	\$ 217	87.7%	14.3%	\$ 22	\$ 35	8.9x	6.2x	\$ 155	14.4%	5.6%	\$ 3.77	57.5%	
First Advantage Corporation	2,354	49.2%	28.0%	218	243	10.1x	9.7x	779	-2.2%	0.0%	15.00	94.4%	
Fierr International Ltd.	1,137	81.7%	-8.2%	(28)	54	NM	17.3x	343	5.3%	35.2%	30.14	63.2%	
Franklin Covey Co.	607	75.8%	11.8%	33	48	17.8x	12.6x	281	11.2%	9.4%	47.65	87.1%	
HireRight Holdings Corporation	1,369	46.8%	18.5%	139	168	8.9x	8.2x	753	-8.6%	0.0%	10.71	57.4%	
Upwork Inc.	1,239	74.9%	-11.4%	(74)	38	NM	32.5x	650	15.3%	25.4%	10.43	47.6%	
ZipRecruiter, Inc.	1,909	90.0%	13.0%	103	181	18.4x	10.6x	792	-12.0%	0.0%	18.52	77.0%	
Median		75.8%	13.0%	33	54	10.1x	10.6x	650	5.3%	5.6%	15.00	63.2%	
Mean		72.3%	9.4%	59	110	12.8x	13.8x	536	3.3%	10.8%	19.46	69.2%	

Workforce Management

Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue		Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2023E	LTM	2023E	LTM	LTM	3-Yr. CAGR			
Automatic Data Processing, Inc.	\$ 103,257	47.2%	28.4%	\$ 5,109	\$ 5,171	20.5x	20.0x	\$ 18,012	9.2%	7.3%	\$ 247.26	89.9%	
Hays plc	1,789	6.9%	3.1%	231	253	6.5x	7.1x	7,362	23.5%	6.2%	1.07	81.7%	
Insperty, Inc.	4,185	16.6%	4.3%	269	387	13.1x	10.8x	6,284	14.0%	13.1%	117.65	89.8%	
Paylocity Holding Corporation	12,500	68.9%	15.7%	184	413	75.8x	30.3x	1,175	37.8%	27.9%	226.85	81.9%	
Robert Half Inc.	7,535	41.3%	10.4%	718	602	10.5x	12.5x	6,916	-3.4%	6.6%	74.15	82.6%	
TriNet Group, Inc.	6,273	22.4%	10.4%	511	609	11.9x	10.3x	4,922	2.6%	7.3%	105.23	94.1%	
Median		31.8%	10.4%	390	507	12.5x	11.7x	6,600	11.6%	7.3%	111.44	86.2%	
Mean		33.9%	12.0%	1,170	1,239	23.1x	15.2x	7,445	13.9%	11.4%	128.70	86.7%	

Source: S&P Capital IQ (July 31, 2023)

EdgePoint Comparable Index Trailing Twelve Months Stock Performance



- Human capital management platforms, driven by demand for technology solutions amidst the skilled labor shortage, significantly outperformed the S&P 500. Talent acquisition firms struggled in a difficult labor market, while workforce management firms performed in line with the broader market.

Source: S&P Capital IQ (July 31, 2023)