



RECENT NOTABLE HCM TECHNOLOGY SECTOR ACTIVITY

Announced 11/2/2017



Equity Raised: \$20.0m
Revenue Multiple: Not Public
[Press Release](#)

Closed 10/26/2017



Enterprise Value: Not Public
Revenue Multiple: Not Public
[Press Release](#)

Published 10/26/2017



SEC fines Zenefits and former CEO Parker Conrad nearly \$1 million for misleading investors
[Press Release](#)

Closed 10/25/2017



Equity Raised: \$6.6m
Revenue Multiple: Not Public
[Press Release](#)

Announced 10/24/2017



Enterprise Value: Not Public
Revenue Multiple: Not Public
[Press Release](#)

Announced 10/23/2017



Enterprise Value: Not Public
Revenue Multiple: Not Public
[Press Release](#)

Published 10/9/2017



ADP has been building an Autopay replacement from scratch since 2013 and planned its first payment this month
[Press Release](#)

Closed 10/5/2017



Enterprise Value: Not Public
Revenue Multiple: Not Public
[Press Release](#)

Closed 10/2/2017



Enterprise Value: Not Public
Revenue Multiple: Not Public
[Press Release](#)

Published 10/1/2017



Uber moves into HR tech with software that enables employers to manage workers' rides on business trips.
[Press Release](#)

TMT CONTACTS

UNITED STATES

HCM Technology

Erik Szyndlar
Director
eszyndlar@harriswilliams.com
+1 (415) 217-3418

Jeff Bistrong
Managing Director
jbistrong@harriswilliams.com
+1 (617) 654-2102

Mike Wilkins
Managing Director
mwilkins@harriswilliams.com
+1 (415) 217-3411

Thierry Monjauze
Managing Director
tmonjauze@harriswilliams.com
+44 (0) 20 7518 8901

Sam Hendler
Managing Director
shendler@harriswilliams.com
+1 (617) 654-2117

Tyler Dewing
Director
tdewing@harriswilliams.com
+1 (617) 654-2133

EUROPE

Thierry Monjauze
Managing Director
tmonjauze@harriswilliams.com
+44 (0) 20 7518 8901

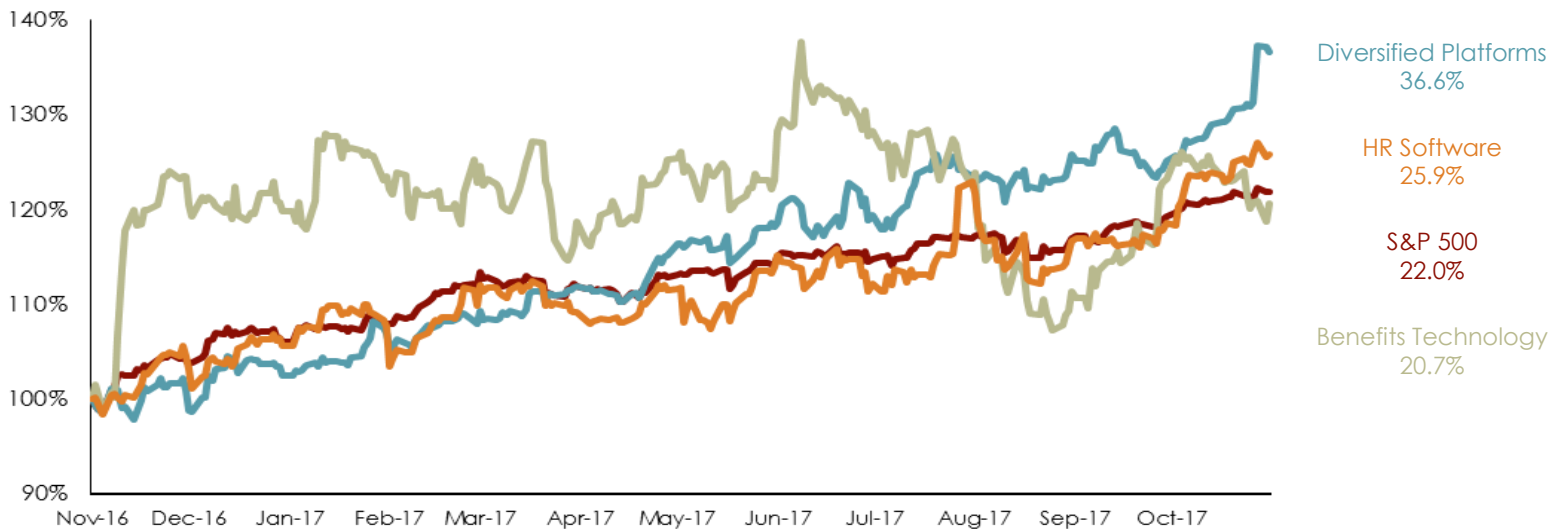
Jonathan Organ
Director
jorgan@harriswilliams.com
+44 (0) 20 7518 8909

TO SUBSCRIBE TO OUR PUBLICATIONS PLEASE EMAIL:
TMT_READER@HARRISWILLIAMS.COM

VALUATION SUPPORT⁽¹⁾

LTM Equity Trading Performance

(Price as a Percent of Base Period as of October 31, 2017)



Companies Recently Reporting Earnings are Linked Below

	2018E Revenue Growth Rate	2018E EBITDA Margin	EV/2018E Revenue	EV/2018E EBITDA	
HR Software	Paylocity	37.1%	6.4x	NM	
	Asure Software	28.6%	24.8%	2.3x	9.2x
	Paycom Software	25.4%	30.7%	8.7x	28.2x
	Workday	23.4%	17.0%	8.2x	NM
	Callidus Software	20.0%	15.5%	5.7x	NM
	Ultimate Software	19.1%	24.7%	5.6x	22.7x
	Cornerstone OnDemand	15.6%	14.8%	3.8x	25.4x
	ADP	10.0%	21.4%	3.6x	17.0x
	Paychex	3.6%	43.5%	6.6x	15.1x
	DHI Group	1.0%	19.6%	0.7x	3.5x
Benefits Technology	Castlight Health	27.0%	2.9x	NM	
	HealthEquity	21.0%	10.7x	28.3x	
	Benefitfocus	10.0%	9.7%	3.0x	NM
	WageWorks	9.5%	31.5%	3.6x	11.3x
Diversified Platforms	Microsoft	14.1%	5.5x	13.8x	
	SAP	5.9%	4.9x	14.9x	
	Oracle	2.1%	47.3%	5.0x	10.5x
			Median 5.6x	Median 17.0x	
			Median 3.3x	Median 19.8x	
			Median 5.0x	Median 13.8x	

Note: Companies with EV/EBITDA less than zero or greater than 30x are listed as NM

VALUATION SUPPORT⁽¹⁾

As of October 31, 2017
 (\$ in 000s)

Company	Market Capitalization	Enterprise Value	Revenue		EBITDA Margin		Multiples Summary			
			2017E	2018P	2017E	2018P	EV/Rev		EV/EBITDA	
			2017E	2018P	2017E	2018P	2017E	2018P	2017E	2018P
HR Software										
Automatic Data Processing, Inc.	\$51,668,502	\$49,714,700	\$12,379,800	\$13,620,571	21.2%	21.4%	4.0x	3.6x	18.9x	17.0x
Workday, Inc. Class A	23,085,920	21,174,063	2,102,383	2,593,683	15.1%	17.0%	10.1x	8.2x	NM	NM
Paychex, Inc.	22,921,598	22,808,587	3,354,932	3,475,659	43.3%	43.5%	6.8x	6.6x	15.7x	15.1x
Ultimate Software Group, Inc.	6,042,652	6,234,057	934,134	1,112,417	23.0%	24.7%	6.7x	5.6x	29.0x	22.7x
Paycom Software, Inc.	4,778,450	4,694,713	431,998	541,523	30.7%	30.7%	10.9x	8.7x	NM	28.2x
Paylocity Holding Corp.	2,794,892	2,650,030	300,010	411,394	18.7%	20.7%	8.8x	6.4x	NM	NM
Cornerstone OnDemand, Inc.	2,208,730	2,093,900	481,227	556,471	11.3%	14.8%	4.4x	3.8x	NM	25.4x
Callidus Software Inc.	1,714,750	1,700,430	248,733	298,570	12.9%	15.5%	6.8x	5.7x	NM	NM
Asure Software, Inc.	139,206	160,684	54,772	70,458	23.2%	24.8%	2.9x	2.3x	12.7x	9.2x
DHI Group, Inc.	110,902	145,745	209,634	211,698	19.2%	19.6%	0.7x	0.7x	3.6x	3.5x
Median	\$3,786,671	\$2,650,030	\$456,612	\$548,997	20.2%	21.1%	6.7x	5.6x	15.7x	17.0x
Benefits Technology										
HealthEquity Inc	3,037,758	2,927,978	227,003	274,750	36.5%	37.7%	12.9x	10.7x	NM	28.3x
WageWorks, Inc.	2,530,875	1,884,766	482,196	527,957	30.0%	31.5%	3.9x	3.6x	13.0x	11.3x
Benefitfocus, Inc.	854,332	851,744	256,472	282,212	7.2%	9.7%	3.3x	3.0x	NM	NM
Castlight Health, Inc. Class B	514,890	474,017	130,891	166,240	NM	NM	3.6x	2.9x	NM	NM
Median	\$1,692,604	\$1,368,255	\$241,737	\$278,481	30.0%	31.5%	3.8x	3.3x	13.0x	19.8x
Diversified Platforms										
Microsoft Corporation	641,699,586	606,484,860	96,700,000	110,341,050	39.2%	39.9%	6.3x	5.5x	16.0x	13.8x
Oracle Corporation	212,430,436	201,772,120	39,658,350	40,493,404	46.6%	47.3%	5.1x	5.0x	10.9x	10.5x
SAP SE	139,765,728	140,983,028	27,362,266	28,974,110	31.7%	32.7%	5.2x	4.9x	16.2x	14.9x
Median	\$212,430,436	\$201,772,120	\$39,658,350	\$40,493,404	39.2%	39.9%	5.2x	5.0x	16.0x	13.8x

Values less than 0.0x or greater than 30.0x are denoted NM or Not Meaningful
 EBITDA Margins less than 0.0% are noted NM or Not Meaningful

OUR GROUP

Harris Williams & Co. is a leading M&A advisor to TMT companies and investors. Our HCM Technology group serves a diverse set of clients participating in the HCM market from Talent Acquisition to Talent Management to Workforce Management.

SELECT HCM TECHNOLOGY EXPERIENCE



has made a majority investment in



Workforce Management Software

WORKPLACE

has been acquired by



Workforce Management Software



a portfolio company of



has been acquired by



Workplace Compliance and Training Solutions



has been acquired by




Employee Benefits Management Software




has acquired a majority stake in




ERP, HR and Payroll Software



a portfolio company of



has been acquired by



Healthcare Information Systems, HR and Payroll Software



a portfolio company of



has been recapitalized

HR Compliance and Learning Management Solutions



a portfolio company of



has been acquired by



Post Acute Compliance and Learning Management Software



a portfolio company of



and



has been acquired by



Corporate Grant Management and Employee Engagement Software



a portfolio company of



has been acquired by



Commercial Talent Payroll Software



a portfolio company of



has been acquired by



Employee Benefits, Health Assessment and Coaching Software



a portfolio company of



has been acquired by



Talent Sourcing and Acquisition Solutions

Talent Acquisition

Talent Management

Workforce Management

OUR FIRM

Harris Williams & Co. has a broad range of industry expertise, which creates powerful opportunities. Our clients benefit from our deep-sector experience, integrated industry intelligence and collaboration across the firm, and our commitment to learning what makes them unique. For more information, visit our website at www.harriswilliams.com/industries.



HARRIS WILLIAMS & Co. OFFICE LOCATIONS

UNITED STATES

Boston
 One International Place
 Suite 2620
 Boston, Massachusetts 02110
 Phone: +1 (617) 482-7501

Cleveland
 1900 East 9th Street
 20th Floor
 Cleveland, Ohio 44114
 Phone: +1 (216) 689-2400

Minneapolis
 222 South 9th Street
 Suite 3350
 Minneapolis, Minnesota 55402
 Phone: +1 (612) 359-2700

Richmond (Headquarters)
 1001 Haxall Point
 9th Floor
 Richmond, Virginia 23219
 Phone: +1 (804) 648-0072

San Francisco
 575 Market Street
 31st Floor
 San Francisco, California 94105
 Phone: +1 (415) 288-4260

Washington, D.C.
 800 17th St. NW
 2nd Floor
 Washington, D.C. 20006
 Phone: +1 202-207-2300

EUROPE

Frankfurt
 Bockenheimer Landstrasse 33-35
 60325 Frankfurt
 Germany
 Phone: +49 069 3650638 00

London
 63 Brook Street
 London W1K 4HS, England
 Phone: +44 (0) 20 7518 8900

NETWORK OFFICES

Beijing
Hong Kong
Mumbai

New Delhi
Shanghai

SOURCES

1) FactSet

DISCLOSURES

Harris Williams & Co. (www.harriswilliams.com) is a preeminent middle market investment bank focused on the advisory needs of clients worldwide. The firm has deep industry knowledge, global transaction expertise, and an unwavering commitment to excellence. Harris Williams & Co. provides sell-side and acquisition advisory, restructuring advisory, board advisory, private placements, and capital markets advisory services.

Investment banking services are provided by Harris Williams LLC, a registered broker-dealer and member of FINRA and SIPC, and Harris Williams & Co. Ltd, which is a private limited company incorporated under English law with its registered office at 5th Floor, 6 St. Andrew Street, London EC4A 3AE, UK, registered with the Registrar of Companies for England and Wales (registration number 7078852). Harris Williams & Co. Ltd is authorized and regulated by the Financial Conduct Authority. Harris Williams & Co. is a trade name under which Harris Williams LLC and Harris Williams & Co. Ltd conduct business.

THIS REPORT MAY CONTAIN REFERENCES TO REGISTERED TRADEMARKS, SERVICE MARKS AND COPYRIGHTS OWNED BY THIRD-PARTY INFORMATION PROVIDERS. NONE OF THE THIRD-PARTY INFORMATION PROVIDERS IS ENDORSING THE OFFERING OF, AND SHALL NOT IN ANY WAY BE DEEMED AN ISSUER OR UNDERWRITER OF, THE SECURITIES, FINANCIAL INSTRUMENTS OR OTHER INVESTMENTS DISCUSSED IN THIS REPORT, AND SHALL NOT HAVE ANY LIABILITY OR RESPONSIBILITY FOR ANY STATEMENTS MADE IN THE REPORT OR FOR ANY FINANCIAL STATEMENTS, FINANCIAL PROJECTIONS OR OTHER FINANCIAL INFORMATION CONTAINED OR ATTACHED AS AN EXHIBIT TO THE REPORT. FOR MORE INFORMATION ABOUT THE MATERIALS PROVIDED BY SUCH THIRD PARTIES, PLEASE CONTACT US AT THE ABOVE ADDRESSES OR NUMBERS.

The information and views contained in this report were prepared by Harris Williams & Co. ("Harris Williams"). It is not a research report, as such term is defined by applicable law and regulations, and is provided for informational purposes only. It is not to be construed as an offer to buy or sell or a solicitation of an offer to buy or sell any financial instruments or to participate in any particular trading strategy. The information contained herein is believed by Harris Williams to be reliable, but Harris Williams makes no representation as to the accuracy or completeness of such information. Harris Williams and/or its affiliates may be market makers or specialists in, act as advisers or lenders to, have positions in and effect transactions in securities of companies mentioned herein and also may provide, may have provided, or may seek to provide investment banking services for those companies. In addition, Harris Williams and/or its affiliates or their respective officers, directors and employees may hold long or short positions in the securities, options thereon or other related financial products of companies discussed herein. Opinions, estimates and projections in this report constitute Harris Williams' judgment and are subject to change without notice. The financial instruments discussed in this report may not be suitable for all investors, and investors must make their own investment decisions using their own independent advisors as they believe necessary and based upon their specific financial situations and investment objectives. Also, past performance is not necessarily indicative of future results. No part of this material may be copied or duplicated in any form or by any means, or redistributed, without Harris Williams' prior written consent.

Copyright© 2017 Harris Williams & Co., all rights reserved.