



# **US HR Tech Market**

## **Sector M&A Brief Review**

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# US HR Tech Market M&A Overview

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- In line with broader tech market, 2023 saw a slowdown in HR tech deal flow driven by macro economic factors like higher interest rates
- HR Tech market offers exciting opportunities for HR professionals and organizations to focus on core business and profitability
- However, there is an uptick in deal momentum from later half of 2023 which is expected to continue in 2024 primarily driven by emergence of AI as a strong factor in HR tech and shift towards smaller bolt-on acquisitions

## Key Trends Shaping HR Tech Market M&A

**Companies are merging to offer a wider range of one-stop shop HR tech tools**

**Acquisitions are a shortcut to grabbing the latest HR tech, like AI or blockchain, to stay ahead of the curve**

**Increased investor confidence in the HR tech market fuels M&A activity as companies seek to gain market share and value through strategic acquisitions**

**Focus on consolidating niche tools and features inorganically like – Passive listening tools, gig/remote work tools, advanced communication platforms, etc**

# HR Tech Market – Key Trends



## HR tech is embracing AI

AI is rapidly changing HR tech, automating tasks from recruitment to employee engagement. This boost efficiency, decision-making, and the overall experience for both HR and employees



## Elevating the Employee Experience & Development

HR tech is going beyond admin tasks and prioritizing employee happiness. Platforms boost engagement through communication and recognition, while also offering tools for fitness, mental health, and work-life balance. Mobile-friendly options ensure a happy and connected remote workforce



## Security and Compliance

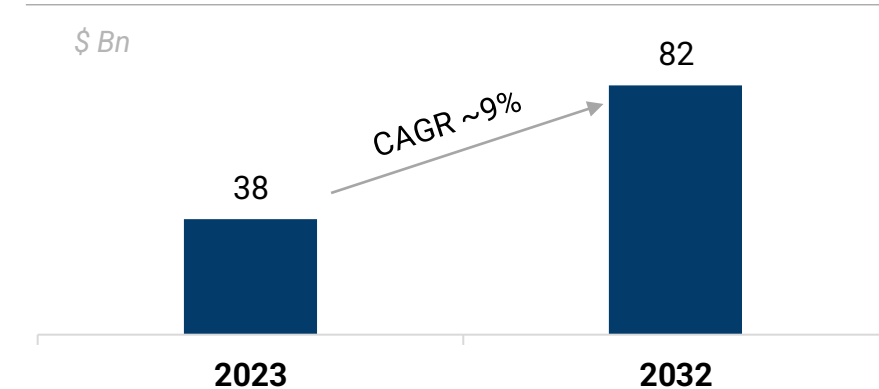
Data security and privacy are paramount concerns with the increasing use of HR tech. Solutions are evolving to comply with regulations and protect sensitive employee information



## Gig work & Remote work

The HR tech space is evolving to accommodate the growing trends of gig work and remote work. These options offer flexibility for both employers and employees, but differ in structure, benefits, and stability

## Global HR Tech Market



Source : Fortune Business Insights

**Shortage of  
85 million  
people by 2030**  
– leading to a  
\$8.5 Tn impact

Korn Ferry – “Future of Work” Study

# HR Tech Market Landscape

Talent Sourcing & Acquisition	HCM	Talent Management Development
Job Marketplace	HRMS	Learning & Development
     	       	     
Candidate Sourcing and Engagement	Payroll	Performance & Succession
     	       	     
Screening and Onboarding	Employee Benefits	HR Analytics
     	       	     

# Active Private Equity Groups



*has acquired*



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**S&W Payroll  
Services, L.L.C.**

**McCarthy**  
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# Active PE Backed Platform Buyers

PE Firm	Platform Company	Platform Overview	Select Acquisitions by Platform Company
<b>HG Capital</b>	 <b>VISMA</b>	Visma dominates the cloud ERP market in Europe and parts of Latin America. They offer a one-stop shop for businesses, providing cloud-based solutions for accounting, payroll, HR, procurement, and customer management	 <b>LAUDUS</b>  <b>OutSmart</b>  <b>dottie.</b>
<b>New Mountain Capital</b>	 <b>radancy</b>	Radancy focuses on global talent acquisition for large enterprises. Their cloud platform streamlines recruitment with Applicant Tracking, Candidate Relationship Management, and targeted advertising	 <b>firstbird</b>  <b>Ascendify</b>  <b>brazen</b>
<b>Hellman &amp; Friedman</b>	 <b>UKG</b>	UKG, a leading HCM provider, focuses on workforce management for mid-sized and large businesses. To expand their HCM suite, UKG has been active in M&A, acquiring niche solution providers	 <b>EverythingBenefits</b>  <b>QUORBIT</b>  <b>immedis</b>

# Recently Active Strategic Buyers

Acquiror	M&A Overview	Select Acquisitions
	<p>Paycor offers cloud-based HR software for payroll, talent management, and more aiming to simplify HR tasks and provide a one-stop shop for managing their workforce. they have a history of acquiring HR tech companies to expand their offerings</p>	<div>    </div>
	<p>Paylocity, a cloud-based HCM platform. They offer payroll, talent management, and benefits to streamline HR tasks and provide data-driven workforce insights. Their recent purchase of Trace highlights a focus on expanding HCM solutions</p>	<div>    </div>
	<p>Ceridian's a global HCM leader offering cloud-based solutions for payroll, talent management, workforce management, and more. Recent acquisitions like Ideal and eloomi show a focus on expanding talent and learning &amp; development solutions</p>	<div>   </div>



# Selected M&A Transactions

Date	Target	Acquiror(s) / Investor(s)	Target Business Description
Feb-24	Cloverleaf.me, Inc.	Advantage Capital Management Corporation; Origin Ventures Group, LLC; Conductive Ventures; Cintrifuse Fund Management, LLC; ScOp Venture Capital LLC; 1809 Capital	Cloverleaf.me offers in-workflow coaching for employees. It uses data and AI to personalize coaching nudges and micro-learning within existing work tools, improving performance and development without extra training sessions
Mar-23	TeamSense Inc.	Bonfire Ventures Management, LLC; Operator Collective Management, L.L.C.	TeamSense offers a cost-effective and user-friendly solution for communication, attendance management, and mass messaging specifically designed for businesses with hourly employees
Aug-22	Complete Applications, Inc.	Accel Partners; Y Combinator Management, LLC	Complete Applications helps companies create a strategic approach to compensation, fostering a culture of fairness and attracting top talent through competitive and well-designed compensation plans
Jan-24	Mercor	General Catalyst Group Management, LLC; Link Equity Partners, LLC; Soma Capital Management, LLC; 2.12 Angels	This company focuses on AI-powered talent acquisition. They use AI to find, assess, and place qualified tech talent globally with their partner companies. They also promote a remote-first work culture for their engineers
Jan-24	Incentive, Inc.	Bowery Capital	Incentive is a leading provider of a complete, socially powered enterprise collaboration platform for mid-market organizations and enterprise teams
Sep-22	Sinecure, Inc.	Golden Section Venture Capital	inecure, Inc. provides a data-driven and AI-powered approach to talent acquisition, helping businesses find the right candidates faster and more efficiently
Nov-22	Buildwithin Inc.	Dundee Venture Capital; SeedInvest Technology, LLC, Investment Arm	BuildWithin helps companies bridge the skills gap by providing a platform for on-the-job training and apprenticeship programs
Jul-23	TrueAbility Inc.	Aluminum Inc.	TrueAbility offers a valuable tool for HR teams and recruiters to assess technical skills and make informed hiring decisions based on a candidate's performance in real-world scenarios
Sep-22	HRsoft, Inc.	Bow River Asset Management LLC	HRSoft helps companies manage employee compensation effectively through a comprehensive and user-friendly platform, ensuring transparency, efficiency, and compliance



Have questions about this report or would like to speak to our team?



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## Our technology experience spans the following areas

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- **Information Technology**
- **Managed Service Providers**
- **Software as a service**
- **Software**
- **Human Resources & Capital Management**
- **Payment Processing**
- **Cybersecurity and MSSP**
- **Telematics and Mobility**
- **Telecommunication**

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