



# TALENT ACQUISITION SOFTWARE

2021-2022 INDUSTRY REPORT

[WWW.DRAKESTAR.COM](http://WWW.DRAKESTAR.COM)



# PROVEN TRACK RECORD

## IN HR TECH M&A ADVISORY

<p><b>TANDEMPLY</b></p> <p>— SALE TO —</p> <p><b>phenom</b></p> <p>HR Tech</p>	<p><b>ebi</b></p> <p>— SALE TO —</p> <p><b>Sterling</b></p> <p>a portfolio company of <b>Goldman Sachs</b></p> <p>HR Tech</p>	<p><b>HIREtech</b></p> <p>— SALE TO —</p> <p><b>EQUIFAX</b></p> <p>HR Tech</p>	<p><b>Verisk</b> sale of IntelliCorp</p> <p>— TO —</p> <p><b>Cisive</b></p> <p>a portfolio company of <b>CIP CAPITAL</b></p> <p>HCM</p>	<p><b>verified person</b></p> <p>— SALE TO —</p> <p><b>Sterling Talent Solutions</b></p> <p>a portfolio company of <b>Goldman Sachs</b> &amp; <b>CDPQ</b></p> <p>HR Tech</p>
<p><b>AMA</b> American Management Association®</p> <p>— DIVESTITURE OF AMACOM TO —</p> <p><b>HarperCollins Publishers</b> a subsidiary of <b>News Corp</b></p> <p>HR Tech</p>	<p><b>amris</b></p> <p>— SALE TO —</p> <p><b>pixid</b></p> <p>HR Tech</p>	<p><b>Ingentis</b></p> <p>— MAJORITY SALE TO —</p> <p><b>MAGUAR</b></p> <p>AND REINVESTMENT BY FOUNDERS</p> <p>HR Tech</p>	<p><b>SocialMOOV</b></p> <p>— SALE TO —</p> <p><b>Marin SOFTWARE</b></p> <p>HR Tech</p>	<p><b>digiSchool</b> the learning touch</p> <p>— PRIVATE PLACEMENT —</p> <p><b>Turenne Capital</b> <b>ALTO</b> Investissement innovant</p> <p>HR Tech</p>
<p><b>INCENTIVESADVISORS</b></p> <p>— SALE TO —</p> <p><b>tcc</b></p> <p>A part of <b>Openion</b></p> <p>HR Tech</p>	<p><b>(softgarden)</b></p> <p>— PRIVATE PLACEMENT —</p> <p><b>CIPIO PARTNERS</b> Investitionsbank des Landes Brandenburg <b>ILB</b></p> <p>HR Tech</p>	<p><b>servicepower</b> Innovating Field Service</p> <p>— ACQUISITION OF —</p> <p><b>stratix</b></p> <p>Field Service Software Division</p> <p>HR Tech</p>	<p><b>DAMILO</b></p> <p>— SALE TO —</p> <p><b>Manpower</b></p> <p>HR Tech</p>	



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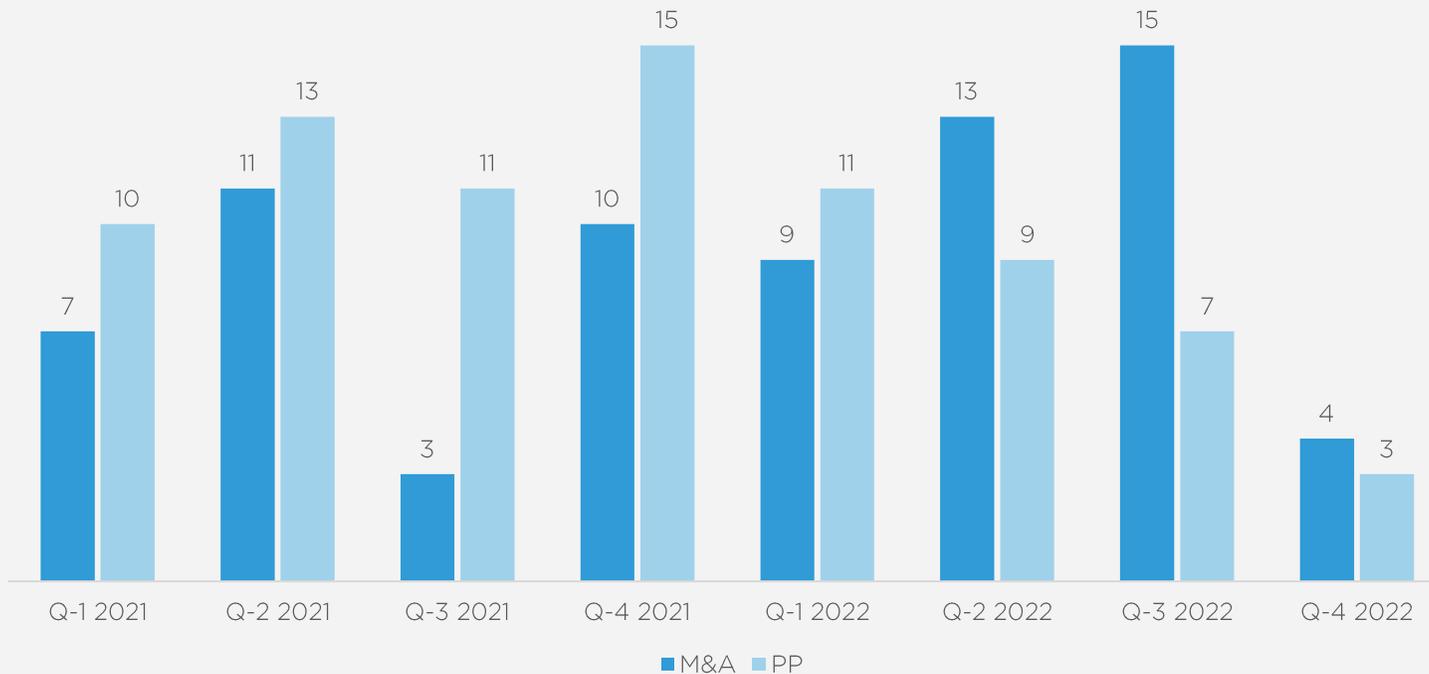


# MARKET OVERVIEW & DRIVERS

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# STRONG DEAL ACTIVITY

IN TALENT ACQUISITION SOFTWARE 2021 – YTD 2022



Source: PitchBook, CapIQ, Drake Star Proprietary Database

(1) Based on Drake Star deal analysis

# 151

Deals announced  
and/or closed

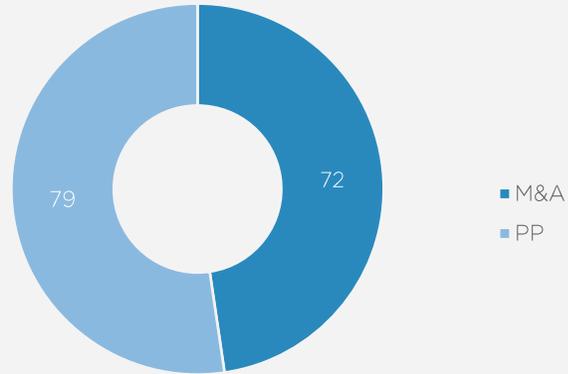
## ACTIVE MARKET

- YTD 2022 M&A activity 29% ahead of 2021 and record 15 M&A transactions completed in Q3 2022
- YTD 2022 private placement activity is lower than 2021 levels; \$169M in YTD 2022 vs \$804M in 2021

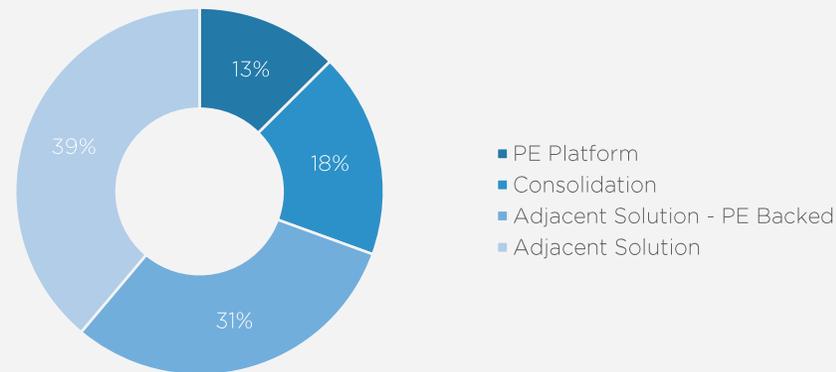
# STRONG DEAL ACTIVITY

IN TALENT ACQUISITION SOFTWARE 2021 – YTD 2022

## DEAL COUNT



## M&A BY TYPE (1)



Source: PitchBook, CapIQ, Drake Star Proprietary Database

(1) Based on Drake Star deal analysis

## KEY M&A DRIVERS

### Product Expansion – Adjacent Solutions

Notably acquisitions of:  
AI Matching, Conversational AI, ATS Solutions (including as platforms for new entrants), Recruiting Services firms by recruiting software companies (PrismHR, Namely, Employ/NXTThing)

### PE Investment

Wide range of PE firms acquiring sizeable new platforms (TA/iCIMS, TPG/Greenhouse, New Mountain/Radancy) as well as existing portfolio companies adding adjacent solutions (Rubicon/Harver, K1/Employ, PSG/Sympa)

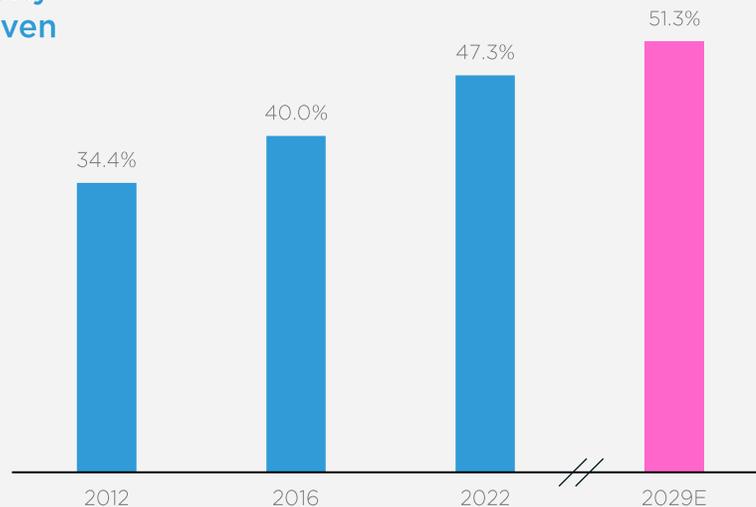
### Consolidation

On a more limited basis, combinations of companies with similar offerings to gain scale and other advantages

# DESPITE ECONOMIC SLOWDOWN CONCERNS TALENT ACQUISITION SOFTWARE IS BENEFITING FROM LONG-TERM TAILWINDS

Increase in hiring velocity is being driven by...

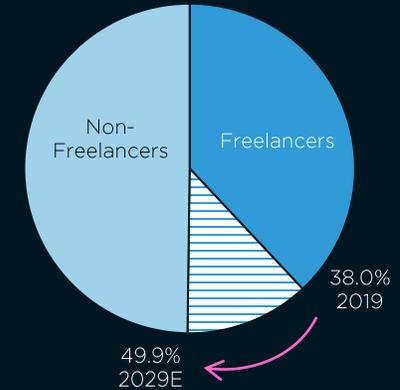
(US Hires / Labor Supply)



Source: Bureau of Labor Statistics, Wall Street Research, Drake Star Analysis

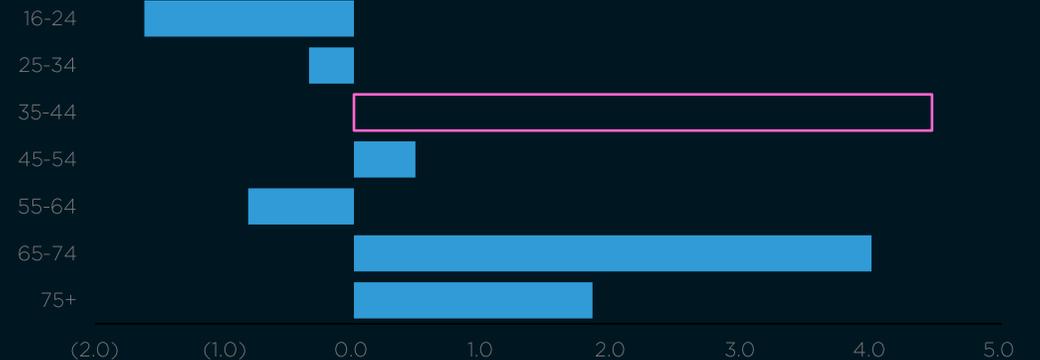
## Secular Shift to gig economy

(Freelancers % of Labor Supply)



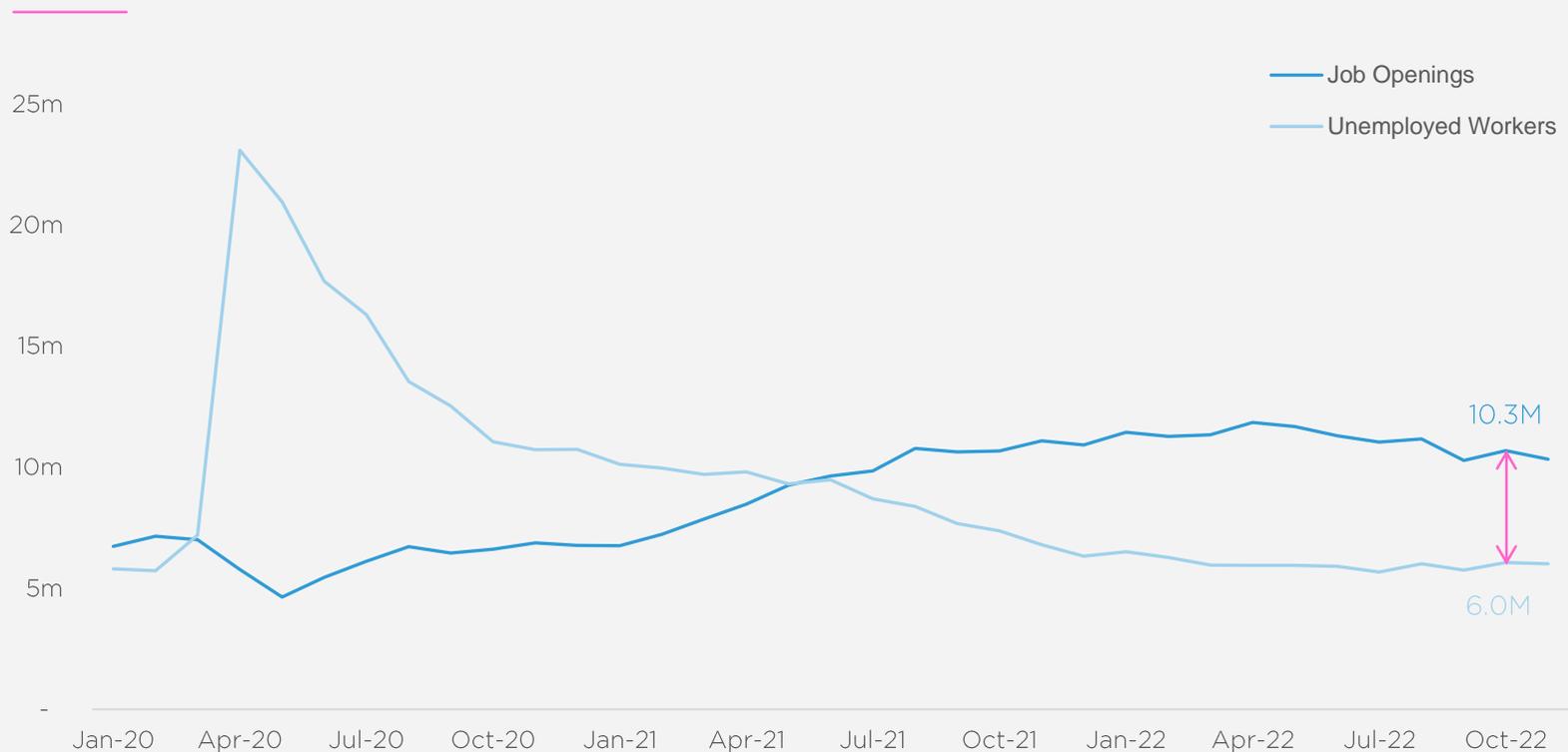
## And a millennial “Job-hopping” workforce

(Change in Labor Force by Age: 2019 - 2029)



# WIDE JOB GAP COULD BE DIFFICULT TO NARROW

PERSISTENT SUPPLY & DEMAND IMBALANCE SUPPORTS TALENT ACQUISITION MARKET



Source: Bureau of Labor Statistics, Wall Street Research, Drake Star Analysis

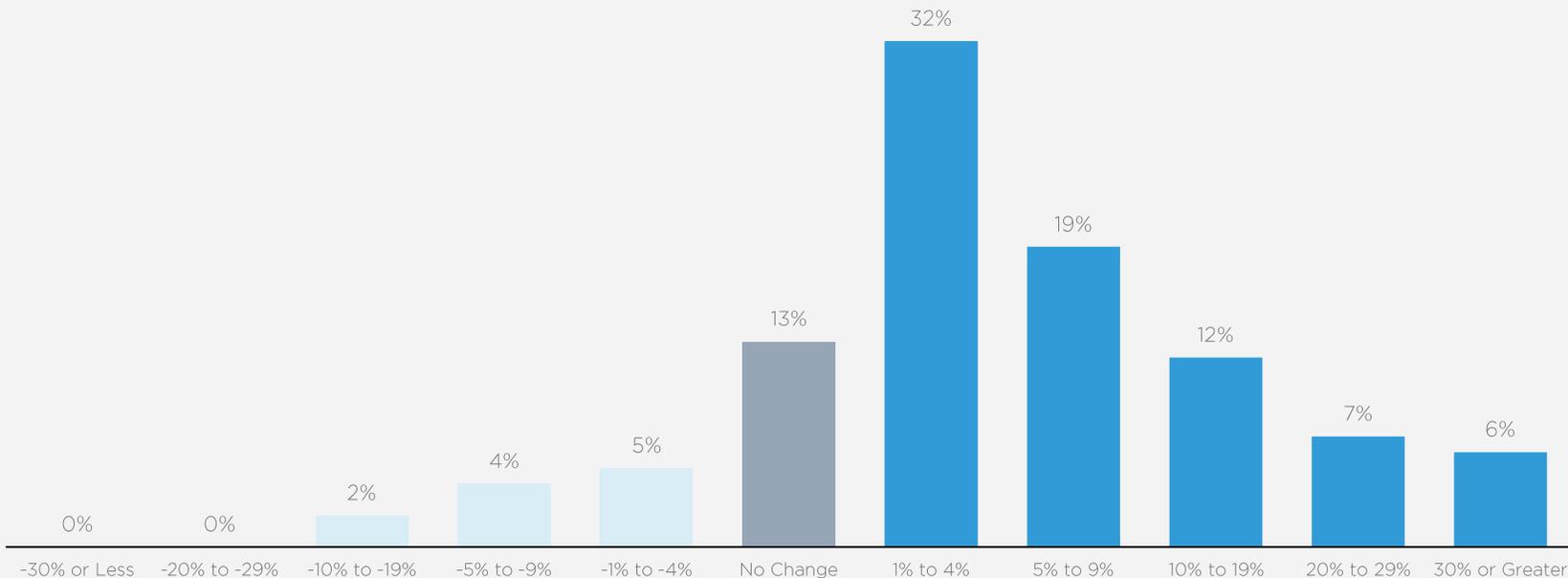
## COMMENTARY

- Skills Gap – candidates lacking skills to fill open jobs could be remedied by long-term initiatives of: (i) training existing employees (ii) partnering with educational institutions to improve pipeline, (iii) aligning educational curriculum with needed skills
- Less layoffs despite economic headwinds (Job Hoarding)
- Labor force participation rate is on a downward trend since 2008

# MOST HR LEADERS EXPECT TO INCREASE HEADCOUNT IN 2022

BEYOND 2022, ANY ECONOMIC WEAKNESS AND JOB GAP WILL NEED TO BE BALANCED

(% of HR Leaders Selecting Expected Changes to Current Headcount)



Source: 2022 Gartner HR Budget and Staffing Benchmarking Survey

## COMMENTARY

- Despite current slowdown in some sectors, sourcing for critical but scarce talent remains a priority
- Employers are finding it increasingly difficult to predict future skills or to fill future talent gaps primarily through buying talent
- Talent demand remains well above pre-pandemic levels partly driven by high turnover



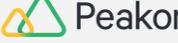
# M&A AND FUNDING ACTIVITY

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# LEAGUE TABLES

## TALENT ACQUISITION

### BUYER LEAGUE TABLE

COMPANY	# OF DEALS	SELECT DEALS
	3	  
	3	  
	2	 
	2	 
	2	 

### INVESTOR LEAGUE TABLES

INVESTOR	DEALS	SELECT INVESTMENTS	FOCUS	LOCATION
	3		Enterprise Technology	
	3		Information Technology	
	2	 	Commercial Services	
	2		HR Technology	
	2	 	Enterprise Technology	

Source: CapIQ, Pitchbook & DSP Research  
 Note: Drake Star did not act as financial advisor on transactions listed on this page

# SELECT M&A DEALS

PE-BACKED FIRMS ARE AMONG THE MOST ACTIVE BUYERS IN TALENT ACQUISITION



- Outmatch acquired the Amsterdam-based Harver, the leading provider of volume hiring software that digitally transforms the hiring process, for an undisclosed amount.
- The acquisition will bolster Outmatch's stack of assessments, video interviewing, and reference checking enabling global enterprises to make smarter hires more efficiently.



- TA Associates provided investment into iCIMS along with existing investor Vista Equity Partners, iCIMS is a leading provider of cloud-based talent acquisition solutions.
- iCIMS will leverage TA's global network and integration capabilities.



- Employ has acquired Lever, a leading talent acquisition suite, for an undisclosed amount.
- The acquisition will add to Employ's already industry leading portfolio of acquisition applications which includes JazzHR, Jobvite, and NXTThing RPO brands.

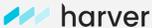


Source: CapIQ, Pitchbook

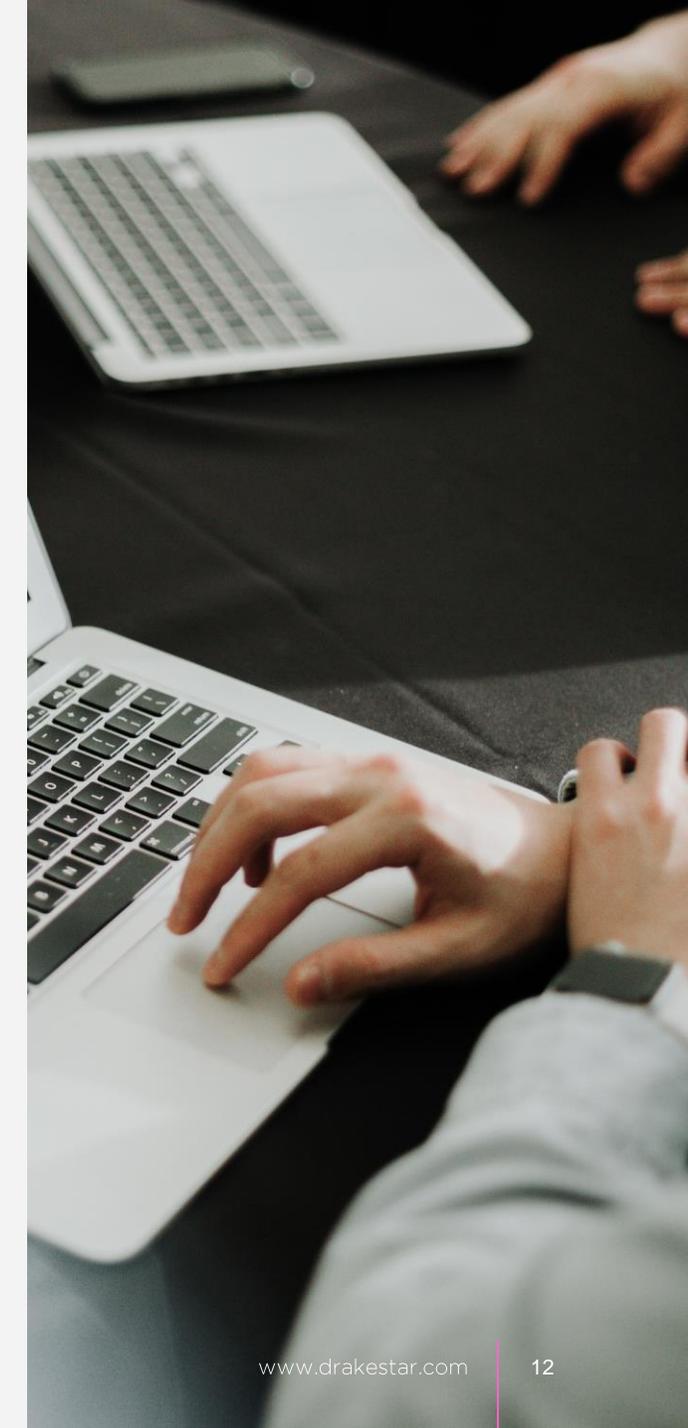
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# TOP M&A TRANSACTIONS

2021 - YTD2022

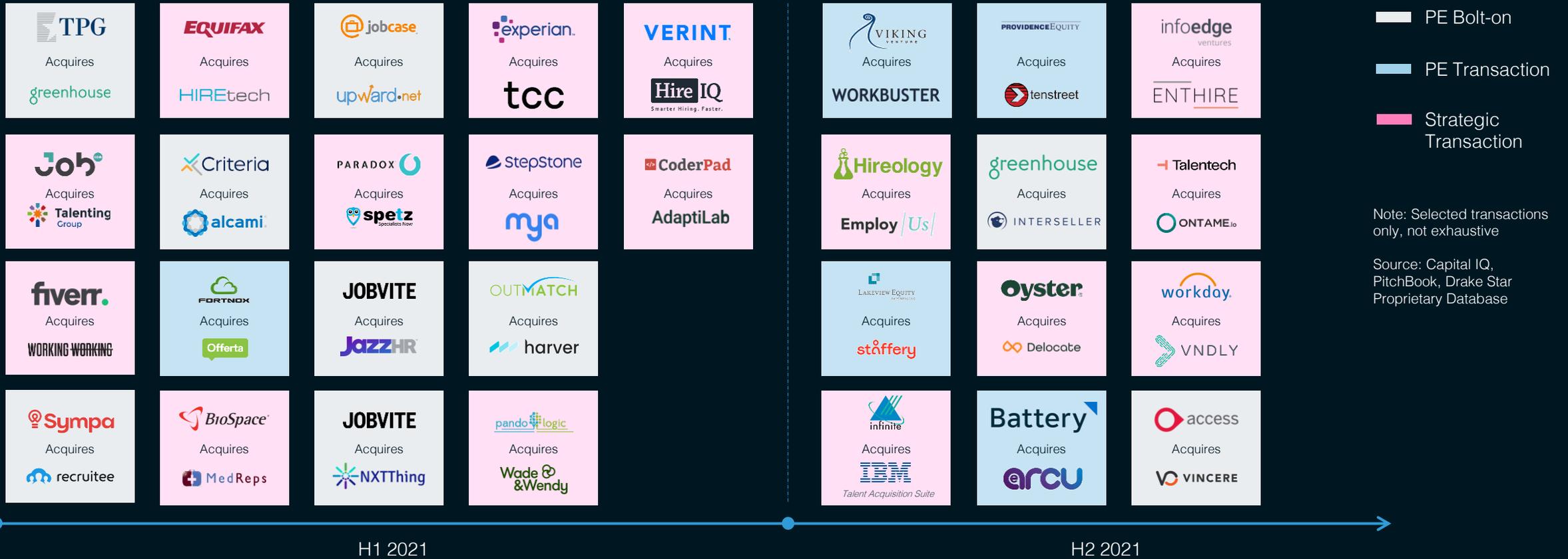
COMPANY	COUNTRY	ACQUIRER	ACQUIRER COUNTRY	SUBSECTOR	DATE
 greenhouse		 TPG		ATS	Jan-21
 tcc		 experian.		Selection & Onboarding	Apr-21
 VNDLY		 workday.		ATS	Dec-21
 harver		 OUTMATCH		Selection	May-21
 HIREtech 		 EQUIFAX		Selection & Onboarding	Mar-21
 Efficient Hire.		 EQUIFAX		ATS, Selection & Onboarding	Feb-21
 icims		 TA ASSOCIATES		Suite & ATS	May-22
 radancy		 NMC NEW MOUNTAIN CAPITAL LLC		Suite & ATS	Jul-22
 talentReef		 MITRATECH		Suite & ATS	Aug-22
 Namely 		 PRISMHR  Vensure Employer Services		Suite & ATS	Sep-22

Note: Drake Star did not act as financial advisor on transactions listed on this page other than where indicated



# SELECT RECENT TALENT ACQUISITION SOFTWARE MARKET ACTIVITY

RECORD LEVELS OF TALENT ACQUISITION SOFTWARE TRANSACTIONS SINCE 2021



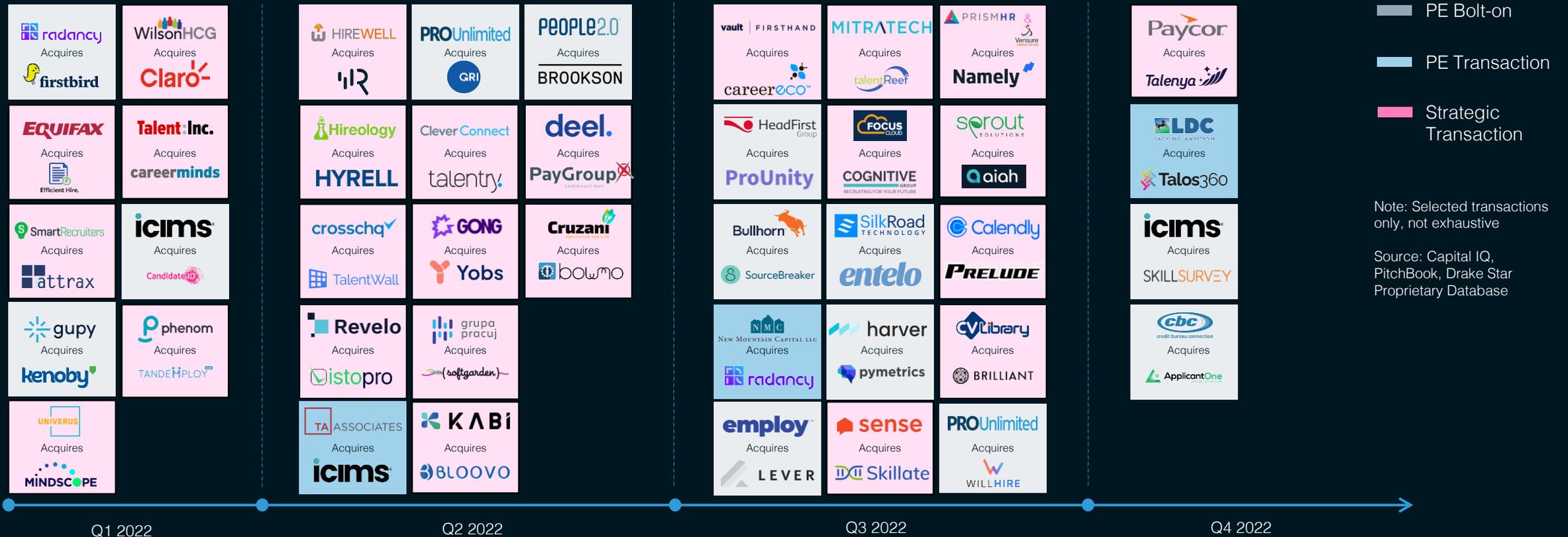
- PE Bolt-on
- PE Transaction
- Strategic Transaction

Note: Selected transactions only, not exhaustive

Source: Capital IQ, PitchBook, Drake Star Proprietary Database

# SELECT RECENT TALENT ACQUISITION SOFTWARE MARKET ACTIVITY (CONT.)

RECORD LEVELS OF TALENT ACQUISITION SOFTWARE TRANSACTIONS CONTINUED IN 2022



Note: Selected transactions only, not exhaustive

Source: Capital IQ, PitchBook, Drake Star Proprietary Database

# SELECT PRIVATE PLACEMENT DEALS

## LARGE FUNDRAISINGS BY ACTIVE TECHNOLOGY INVESTORS



SoftBank

- Softbank led a **\$220m Series E** of Eightfold.ai putting the **pre-money valuation at \$1.9bn**, Eightfold.ai's talent intelligence platform assists companies to find, recruit, and retain workers.
- The funds will be **used to continue the rapid growth and development of the company's AI-powered Talent Intelligence Platform** and expand its growing partner ecosystem.



- B Capital Group led a **\$100m Series D** of Phenom putting the **pre-money valuation at \$1.4bn**, Phenom's talent relationship marketing platform assists workers find jobs.
- The funding will be **used to innovate the company's platform for organizations adopting AI holistically in a post-COVID era**.



- ICONIQ led a **\$100m Series C** of Gem putting the **pre-money valuation at \$1.1bn**, Gem's platform tracks each touchpoint in the talent acquisition funnel to drive better decisions.
- The funding will be **used to double down on product innovation, particularly the company's diversity features**, and build out a powerful platform for modern recruiting.



Source: CapIQ, Pitchbook

Note: Drake Star did not act as financial advisor on transactions listed on this page

# TOP PRIVATE PLACEMENT TRANSACTIONS

2021 - YTD2022

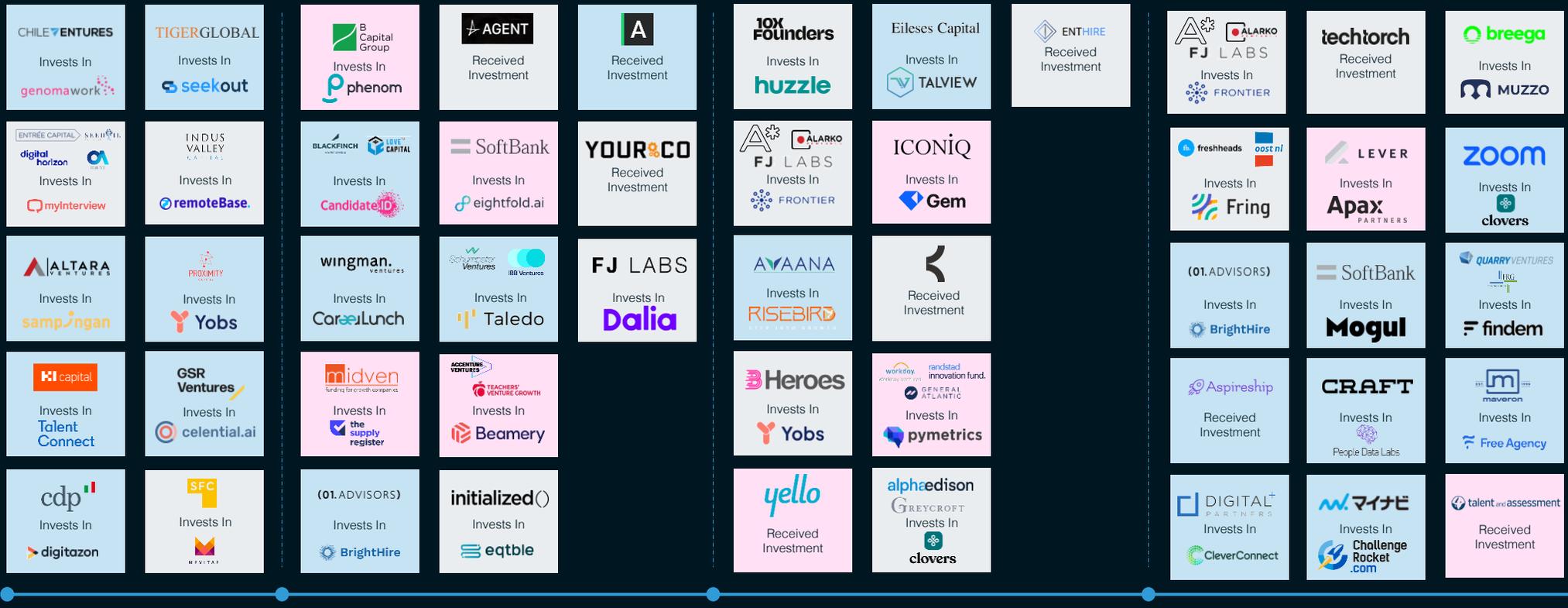
COMPANY	COUNTRY	INVESTOR	INVESTOR COUNTRY	SUBSECTOR	DEAL SIZE (\$m)	DATE
eightfold.ai		SoftBank		Selection	\$220M	Jun-21
fountain		B Capital Group		ATS	\$185M	Sep-21
Beamery		ACCENTURE VENTURES  TEACHERS' VENTURE GROWTH		Marketing	\$138M	Jun-22
seekout		TIGERGLOBAL		Marketing	\$115M	Jan-22
phenom		B Capital Group		Marketing	\$100M	Apr-21
Gem		ICONIQ		ATS	\$100M	Aug-22
seekout		TIGERGLOBAL		Marketing	\$65M	Mar-21
LEVER		Apax PARTNERS		ATS	\$50M	Nov-21
yello		Undisclosed		ATS	\$43M	Jul-21
hireEZ		CONDUCTIVE VENTURES		Marketing	\$39M	Mar-22

Note: Drake Star did not act as financial advisor on transactions listed on this page other than where indicated

**\$1.2B+**  
DISCLOSED

# RECENT TALENT ACQUISITION SOFTWARE PRIVATE PLACEMENT ACTIVITY

RECORD LEVELS OF TALENT ACQUISITION SOFTWARE PRIVATE PLACEMENTS SINCE 2021



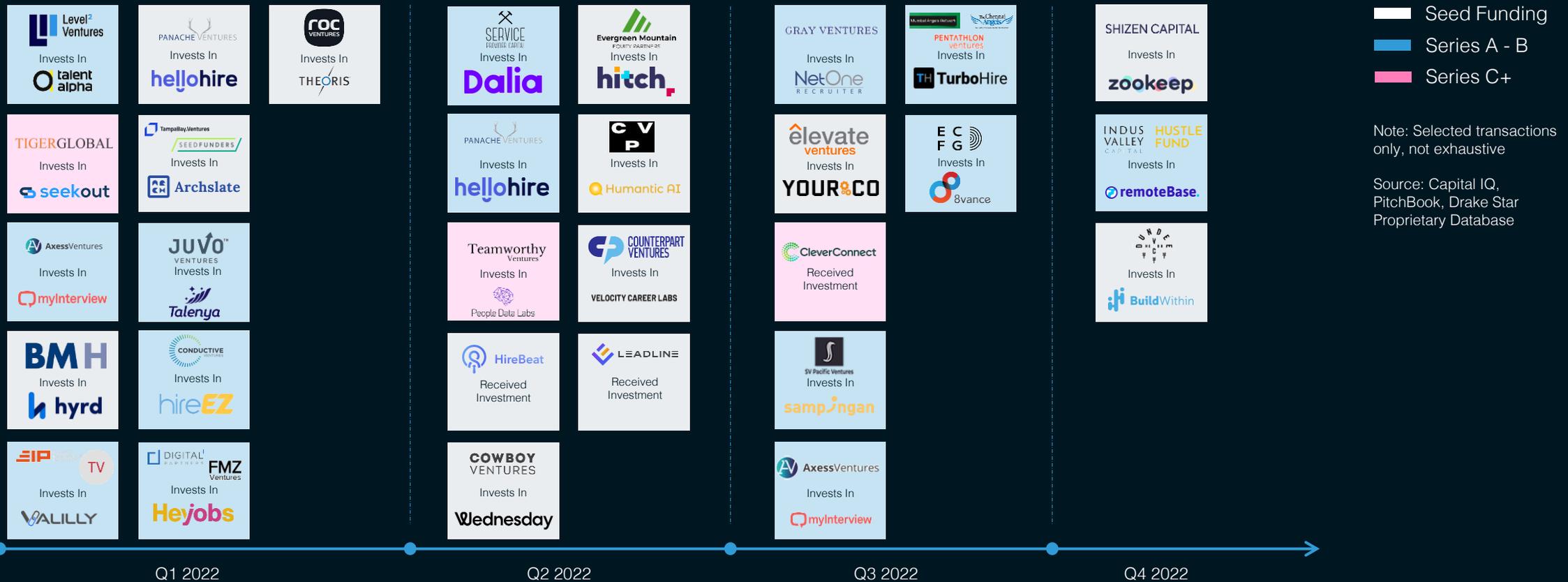
- Seed Funding
- Series A - B
- Series C+

Note: Selected transactions only, not exhaustive

Source: Capital IQ, PitchBook, Drake Star Proprietary Database

# RECENT TALENT ACQUISITION SOFTWARE PRIVATE PLACEMENT ACTIVITY (CONT.)

RECORD LEVELS OF TALENT ACQUISITION SOFTWARE PRIVATE PLACEMENTS CONTINUED IN 2022



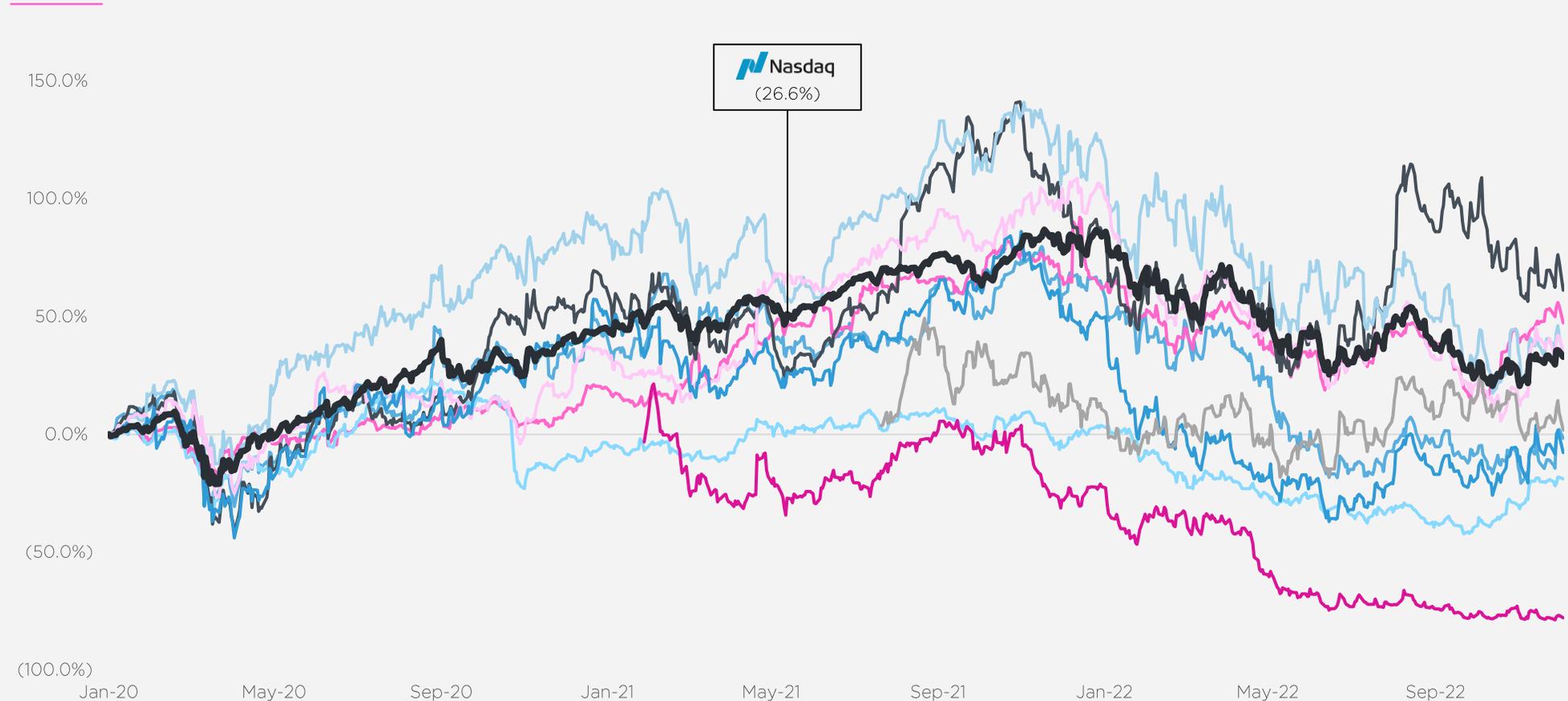


SHARE PRICE  
MOVEMENTS &  
SECTOR VALUATIONS

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# HR TECH PUBLIC COMPANY VALUATIONS (JAN. 1ST, 2020 - YTD 2022)

DURING 2022, HCM STOCKS CORRECTED ALONG WITH NASDAQ



YTD-22  
% CHANGE

**Paycor**  
(7.0%)

**ORACLE**  
(9.6%)

**paylocity**  
(11.9%)

**SAP**  
(21.2%)

**Nasdaq**  
(26.6%)

**EQUIFAX**  
(31.8%)

**workday**  
(37.6%)

**servicenow**  
(37.8%)

**CERIDIAN**  
(38.5%)

**qualtrics**  
(71.4%)

Source: Capital IQ and PitchBook

# HR TECH INDEX VALUATIONS QUARTERLY 2019-YTD2022

CURRENT PUBLIC MULTIPLES ON PAR WITH  
2019'S LEVELS

■ TEV / Total Revenue<sup>1</sup>



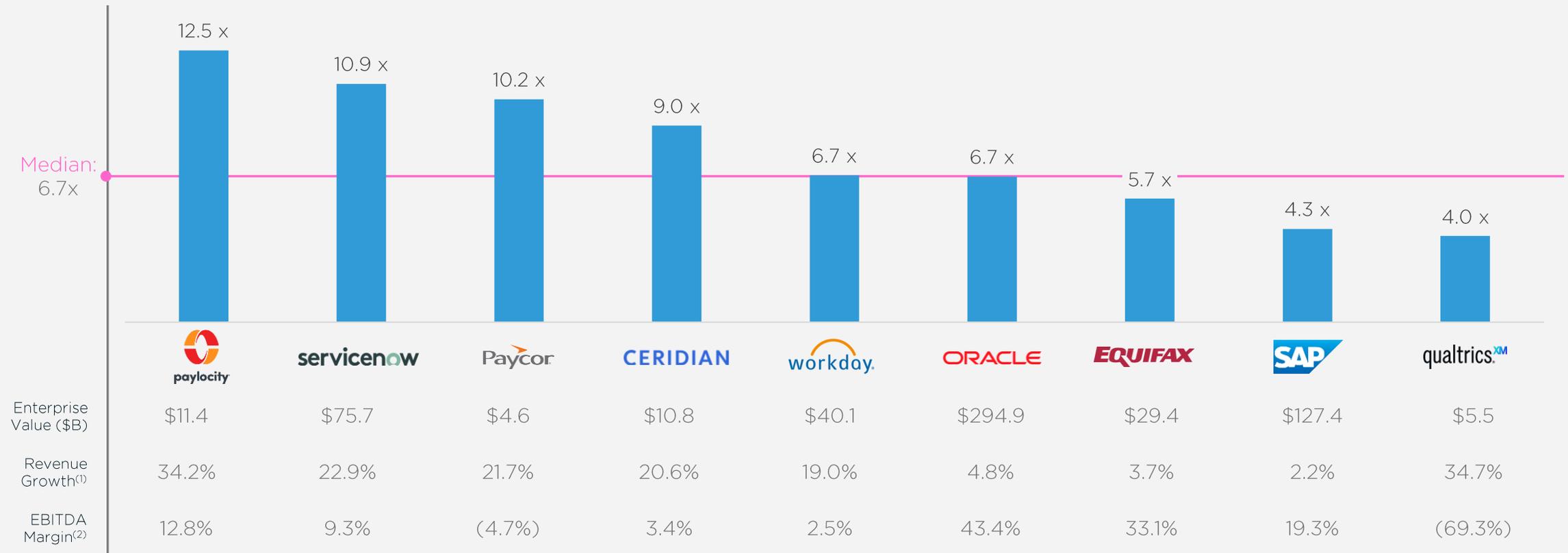
Source: Capital IQ as of November 10th, 2022.

1. Ceridian, Equifax, Nasdaq, Oracle, Paycor, Paylocity, Qualtrics, SAP, ServiceNow, Workday



# SELECT HR TECH PUBLIC COMPANIES

## ENTERPRISE VALUE / LTM REVENUE



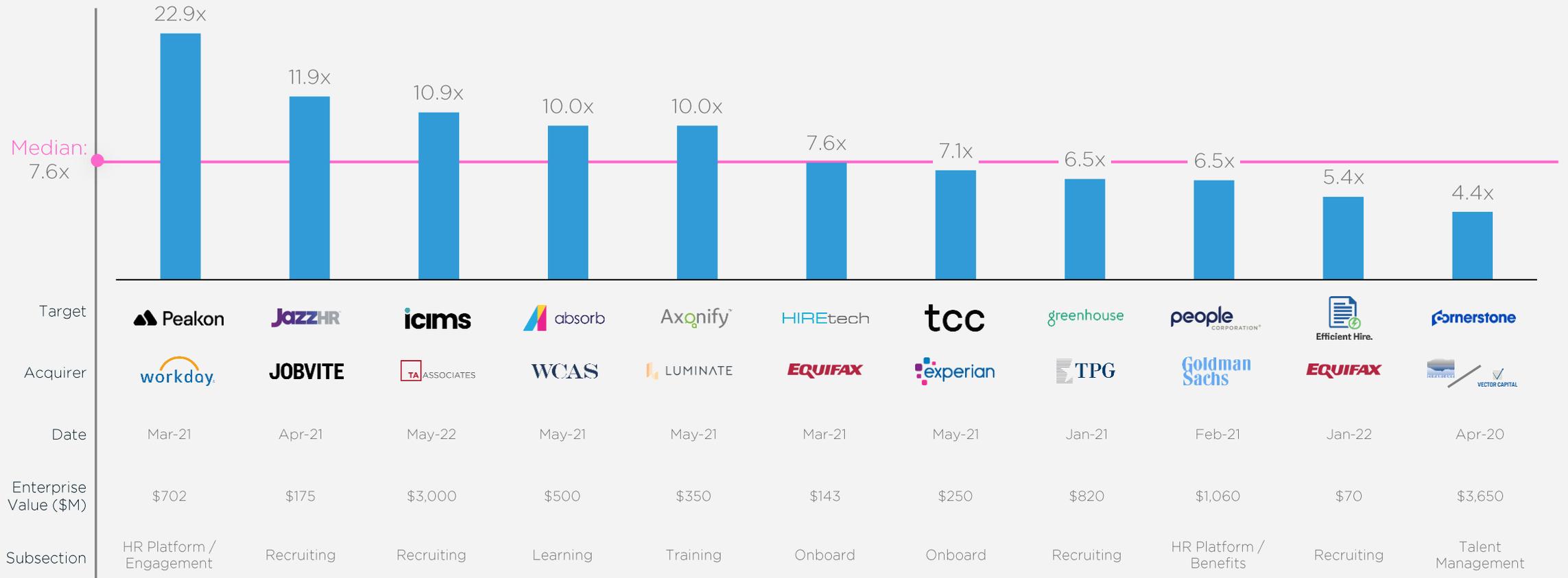
Source: Capital IQ and PitchBook

1. FY21A – FY22E

2. FY22E EBITDA divided by FY22E Revenue

# SELECT HR TECH SOFTWARE M&A TRANSACTION ACTIVITY

ENTERPRISE VALUE / LTM REVENUE



Source: Capital IQ, PitchBook, Drake Star Proprietary Database

# TALENT ACQUISITION SOFTWARE BUYER HIGHLIGHTS

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# SELECT TALENT ACQUISITION SOFTWARE

## CASE STUDY: EMPLOY



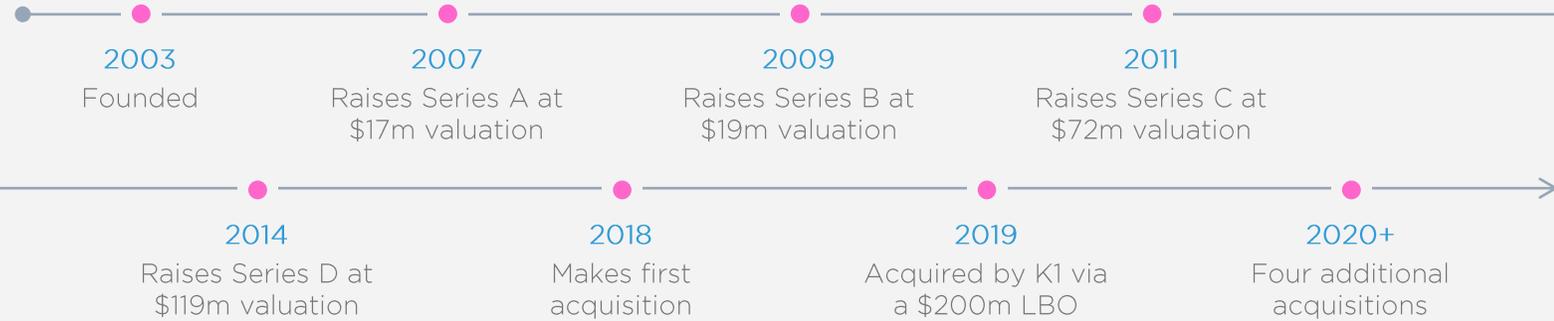
### Firm Overview

Developer of a recruiting platform and talent acquisition suite that enables companies of all sizes to attract, engage, hire, onboard and promote the talent needed to drive business outcomes. The company's recruiting application delivers real-time recruiting intelligence with technology for the evolving social web, infuses automation and intelligence into an expanded recruiting cycle to increase the speed, quality and cost-effectiveness of talent acquisition.

The company was acquired via a \$200 million LBO by K1 Investment Management and simultaneously combined with Canvas, Talemetry and Rolepoint on February 11, 2019. The funds will be used to support the ongoing robust growth of the company.

Source: Capital IQ and PitchBook

### Milestones



### Key Statistics



### Acquisitions



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# SELECT TALENT ACQUISITION SOFTWARE

## CASE STUDY: ICIMS

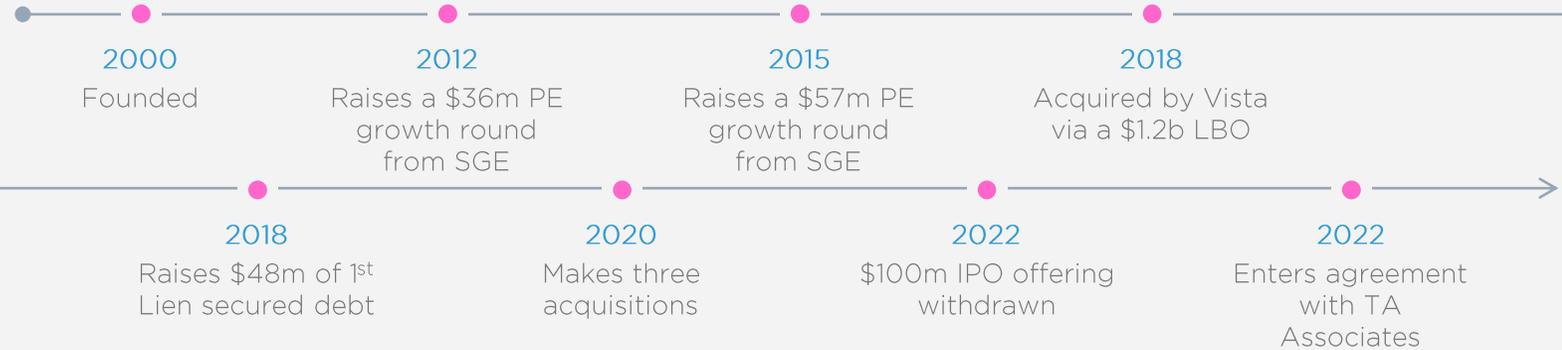
### Firm Overview

Developer of cloud-based talent acquisition software intended to empower employers to build a diverse and qualified workforce that aligns with their mission. The company's software offers assistance throughout every stage of workforce hiring and engagement to clients across retail, healthcare, manufacturing, finance and insurance industries, accelerating and streamlining the entire RECRUITING process with a wide range of AI-powered software.

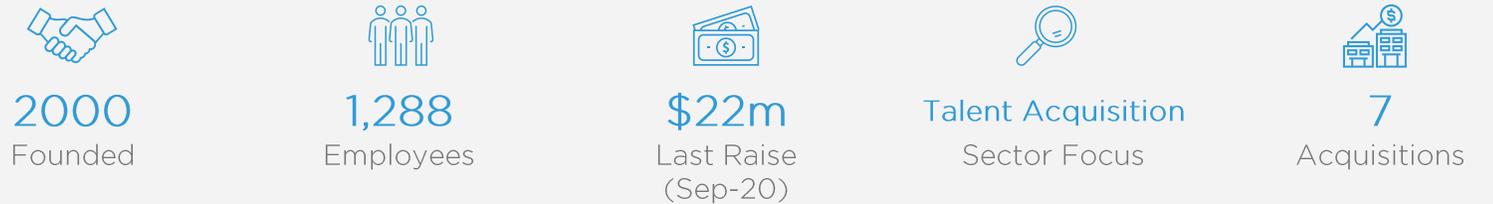
The company entered into a definitive agreement to receive development capital from TA Associates on May 6, 2022. The companies will partner together to further accelerate global growth and product development expansion.

Source: Capital IQ and PitchBook

### Milestones



### Key Statistics



### Acquisitions



# SELECT TALENT ACQUISITION SOFTWARE

## CASE STUDY: HARVER

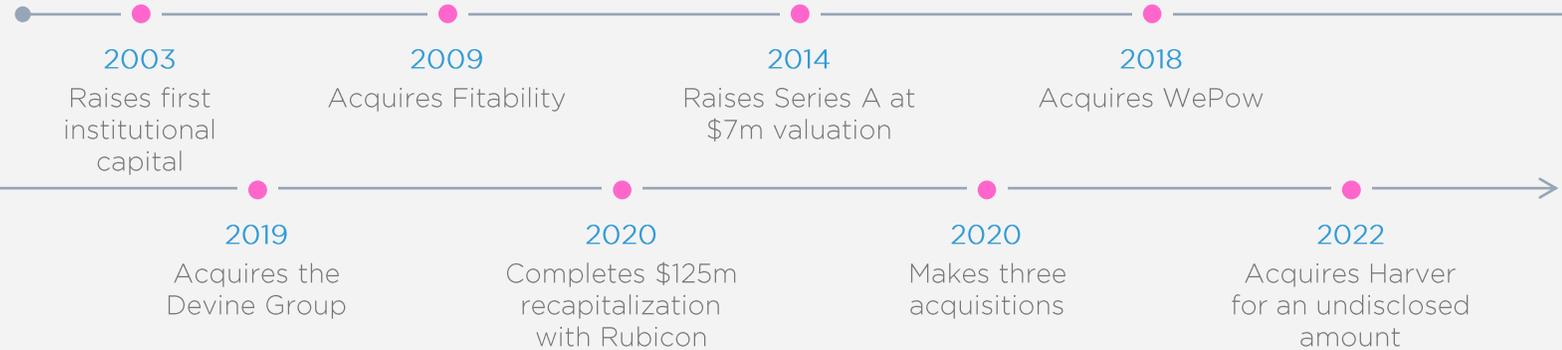
### Firm Overview

Helps innovative global companies digitally transform their hiring processes and works with category leaders to offer custom and technical integrations to an organization's existing systems. The Company was formerly known as Outmatch and acquired Harver on May 11, 2021. The Company rebranded as Harver on November 17, 2021 and continues to develop the world's leading volume hiring solution for hourly and professional roles.

The company completed a \$125 million recapitalization with Rubicon on March 3, 2020. Prior investor Camden Partners rolled a small stake in the round.

Source: Capital IQ and PitchBook

### Milestones



### Key Statistics



1989  
Founded



300  
Employees



Undisclosed  
Last Raise (Nov-20)



Talent Acquisition  
Sector Focus



9  
Acquisitions

### Acquisitions



# A Leading Global Tech M&A Investment Bank



● Partner office

# 450+

TRANSACTIONS  
COMPLETED

# 70%

CROSS-BORDER DEALS

# 100+

BANKERS

# 9

OFFICES GLOBALLY

*(Including partner office)*

# TALENT ACQUISITION SOFTWARE

2021-2022 INDUSTRY REPORT

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