

HUMAN CAPITAL MANAGEMENT SPECIAL PAYROLL SECTOR UPDATE

*Your Single Source For
"All Things Human
Capital®"*

Mergers & Acquisitions

Public and Private
Financings

Strategic Advisory &
Growth Capital

January 2017

Special Payroll Edition



Payroll Sector Review

As part of our Human Capital Management sub-sector research, Delancey Street Partners is pleased to present this Special Payroll Industry Edition.

This Payroll Sector Review provides an overview of the current public payroll market as well as a look into recent and historic related M&A transactions and Private Equity Financings.

We also provided an overview of key differentiators in the payroll market, and how top payroll companies are benchmarked.



Delancey Street Partners

Delancey Street Partners is an independent, industry-focused investment bank. We serve CEOs, Entrepreneurs, Shareholders and Boards of Directors of high growth and middle market private and public companies. Our services include strategic advisory, capital raising and independent board advice. We advise on sell-side and buy-side M&A, growth capital financings and recapitalizations. Bill Filip leads Delancey's Business and Technology Services and Healthcare Services Sector practices, which includes a strong focus on the Human Capital Management marketplace. Additional Delancey sectors include: Consumer, Financial Technology, Downstream Energy & Logistics and Industrial Technology. We form long-term partnerships with our clients and commit to managing each engagement with senior professionals who bring years of experience and insight.

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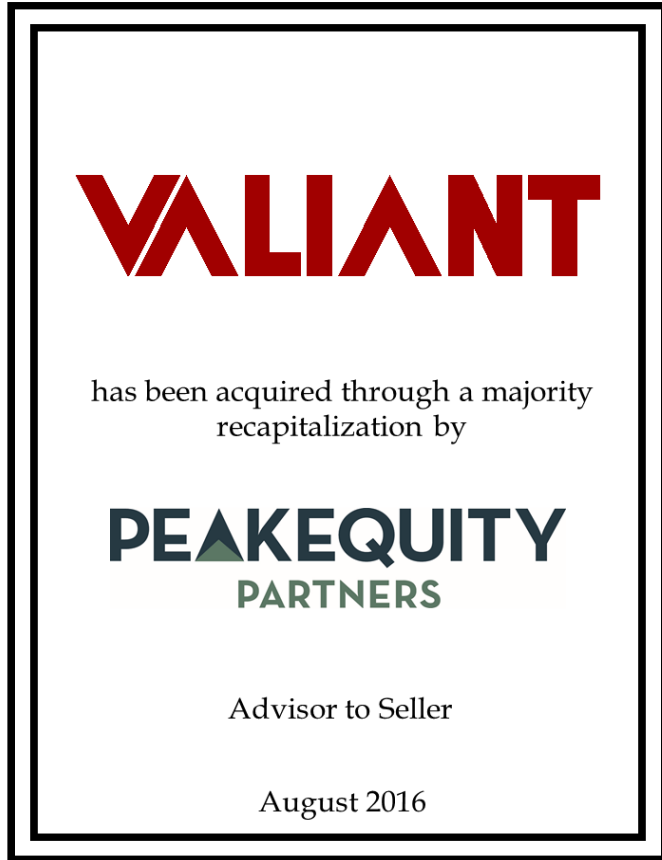
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Recent Transaction Announcement: Valiant Solutions

SaaS Software: Payroll & HR Technology



Delancey Street Partners is pleased to announce that we served as exclusive financial advisor to Valiant Solutions, Inc. (“Valiant” or “the Company”), a leader in cloud-based payroll and human capital management solutions, in its majority growth recapitalization with PeakEquity Partners. Valiant selected DSP as its advisor based on our deep HCM technology sector and M&A expertise, and our strong partnership approach to working with companies. Delancey Street worked closely with Valiant’s leadership team and Board to achieve shareholder liquidity objectives and secure expansion capital to help the Company accelerate its strong growth plans. Delancey Street helped the Company explore and evaluate its strategic alternatives; managed a highly selective, competitive sell-side M&A process; and structured and negotiated the terms of the transaction.

About Valiant Solutions, Inc.

Headquartered in Woodbury, New York, Valiant is a leading provider of cloud-based payroll and human capital management software solutions delivered in a state-of-the-art Software-as-a-Service (SaaS) model. Valiant’s platform provides comprehensive and easy-to-use solutions that are ideally suited for small and mid-sized businesses. The platform uniquely meets the complex requirements of managing an hourly, remote workforce in service industries. Valiant has a vertical market focus across a variety of end markets with clients in all 50 states, the U.S. Virgin Islands, Puerto Rico and Canada. Valiant is led by CEO Anthony Petraco.

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DSP's Human Capital Management: "All Things Human Capital®" *Special Payroll Edition* Volume: January 2017

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Special Feature: Global Payroll (pg. 21)

23 Big Ideas: Global Payroll Q&A with Brian Radin

Successful HR Tech entrepreneur, global payroll expert and current Chief Revenue Officer of CloudPay sits down with DSP to give us his thoughts on important topics and interesting trends in the world of Human Capital Management and Global Payroll.



How to Subscribe

This was prepared by Delancey Street Partners and is for informational purposes only (see important disclosures). If you would like a free subscription (or reprints of prior editions) please e-mail your name and contact info to Matt Dougherty at mdougherty@delanceyallc.com.

Delancey Payroll Observations

DSP Perspective on Payroll

Introduction

In this Special Edition of the Delancey Street Partner's HCM *"All Things Human Capital®"* we provide a focused look at trends and profiles within the always exciting payroll industry. A stalwart within the DSP HCM universe, the payroll sector is changing rapidly as new technologies, vertical approaches and distribution models have emerged on the scene. Please contact your DSP representative for more payroll information, comments and questions.

DSP "Payroll Essentials" Business Model Commentary

1) Strong revenue growth and client retention drive valuations. Many of the "younger" entrants on the scene are delivering significantly north of 20%+ annual revenue growth as they target specific sized clients or vertical industries. This high growth potential combined with strong year-to-year client and revenue retention (often in excess of 80% to 90%) are very compelling aspects of the payroll model. With costs of new client acquisition often less than one year of recurring revenue and reasonable implementation costs associated with newer technology platforms, the "newer to the world" payroll models can demand strong revenue-based valuation multiples – see following public multiples pages 19-20.

2) Referral/channel partnerships key in driving client acquisition. While a strong direct selling capability is a requirement in payroll, successful payroll businesses must also develop multiple referral partnerships to accelerate direct sales and efficiently acquire new SMB clients. These partnerships can include full or partial integrations with related complementary HCM solutions such as pre-employment screening, drug testing, assessment providers etc., or simply be a mutual sales referral partnership. DSP has seen many successful payroll partnerships including referrals from: local/regional accounting firms, insurance brokerage, 401(k) and benefits, PEOs, banks, time and labor management providers, scheduling software, POS and merchant processing, and increasingly industry specific vertical ERP-like workflow "extenders."

DSP Perspective on Payroll (Cont'd)

DSP “Payroll Essentials” Business Model Commentary - Continued

3) Do not underestimate the importance of account management and customer service capabilities. Payroll processing technology is extremely complex and is a fundamental differentiator for payroll firms. Further, how “far” a payroll provider can reach up the client size spectrum is generally limited by a company’s core technology platform. However, as many payroll providers focus on SMB clients, the need for outstanding customer account management capabilities including training and help desk assistance is a significant differentiator that drives the customer experience/satisfaction, retention and overall reputation.

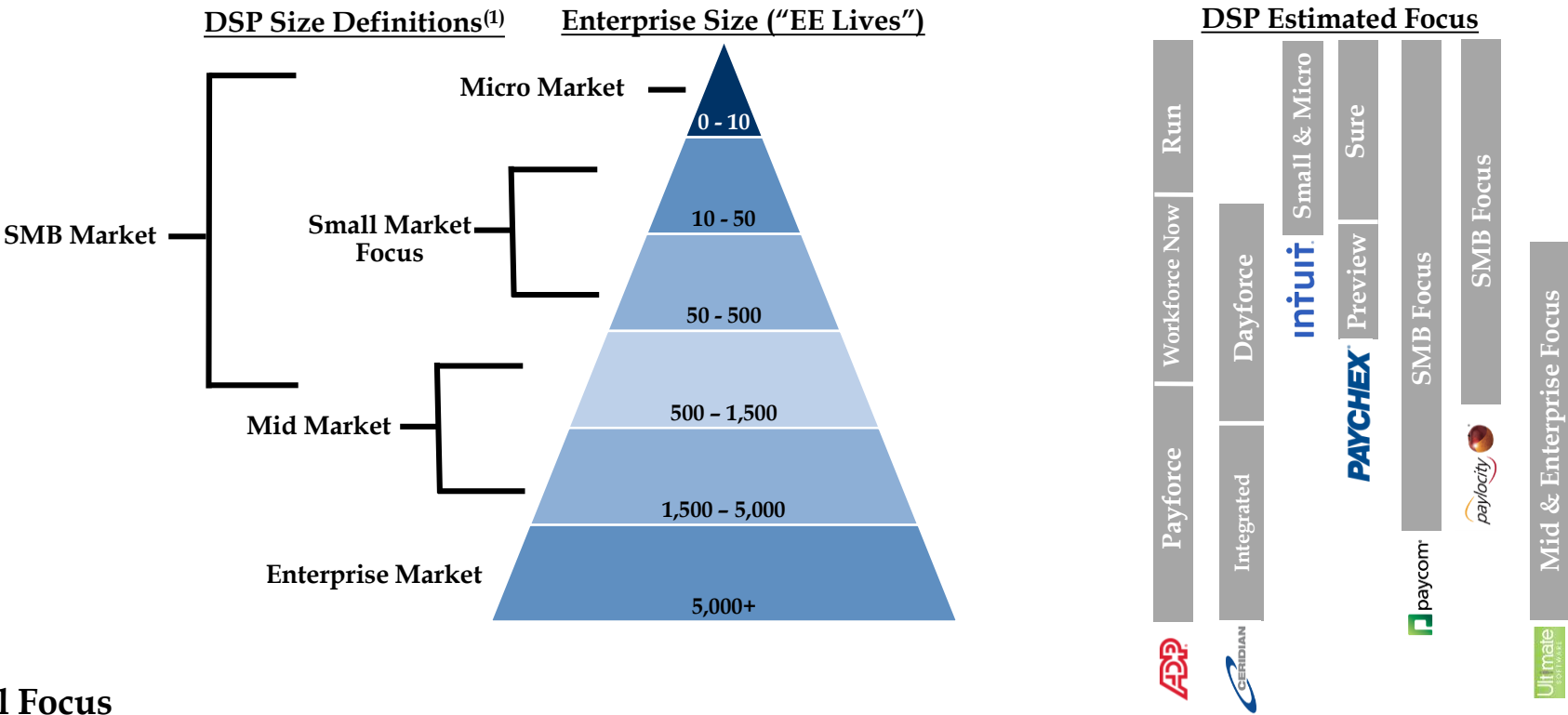
4) Marketplace differentiation impacted greatly by the HR “front end” suite. As new technologies and development methodologies such as agile development have entered the payroll scene, increasingly greater differentiation in the market has focused on a total “HR plus Payroll” type solution. The level of sophistication and expectations from midsize clients have also increased over the last several years, and these clients now expect their payroll vendor to have a more robust “front end” feature set including functionality such as applicant tracking, pre-employment, industry specific time and labor management, scheduling and onboarding, to name a few.

5) Strong profitability characteristics. Overall gross margins within the payroll space can be in the 60-80%+ range depending upon the solution and level of implementation required by a client. Management teams often have different philosophies on implementation and service element pricing where margins are much lower than core subscription margins (or negative based on an overall client contract value perspective). Core recurring subscription revenue gross margins can be “SaaS-like” in attractiveness (80%, 85%, 90%+). On a normalized basis, payroll businesses can be very attractive from an EBITDA perspective with 20-25%+ margin performance achievable.

Payroll Business Models: Key Points of Differentiation

Employee Size

Payroll providers construct their technology solutions (core platforms, UI/functionality and complementary HR solutions) to the specific characteristics and requirements of their targeted clients. Historically, the primary platform focus has been targeted at employee size (measured by EEs or “lives”) as a proxy for requirement complexity.



Vertical Focus

Increasingly, providers target specific end markets and construct their software with relevant industry workflow solutions. A good example of this is Valiant Solutions, which targets its solution to industries with hourly, distributed workforces.



Business Services



Healthcare



Manufacturing



Retail



Restaurant

(1) Delancey Street Partners definition of the payroll market by employee size and target focus.

Payroll Key Financial & Operating Metrics

How does your payroll company stack up against industry benchmarks? Contact DSP to schedule time to review your metrics vs. industry standards. Here are a few key metrics we look at:

Key Metrics

Financial (Non-GAAP measures are used to highlight core operating performance)

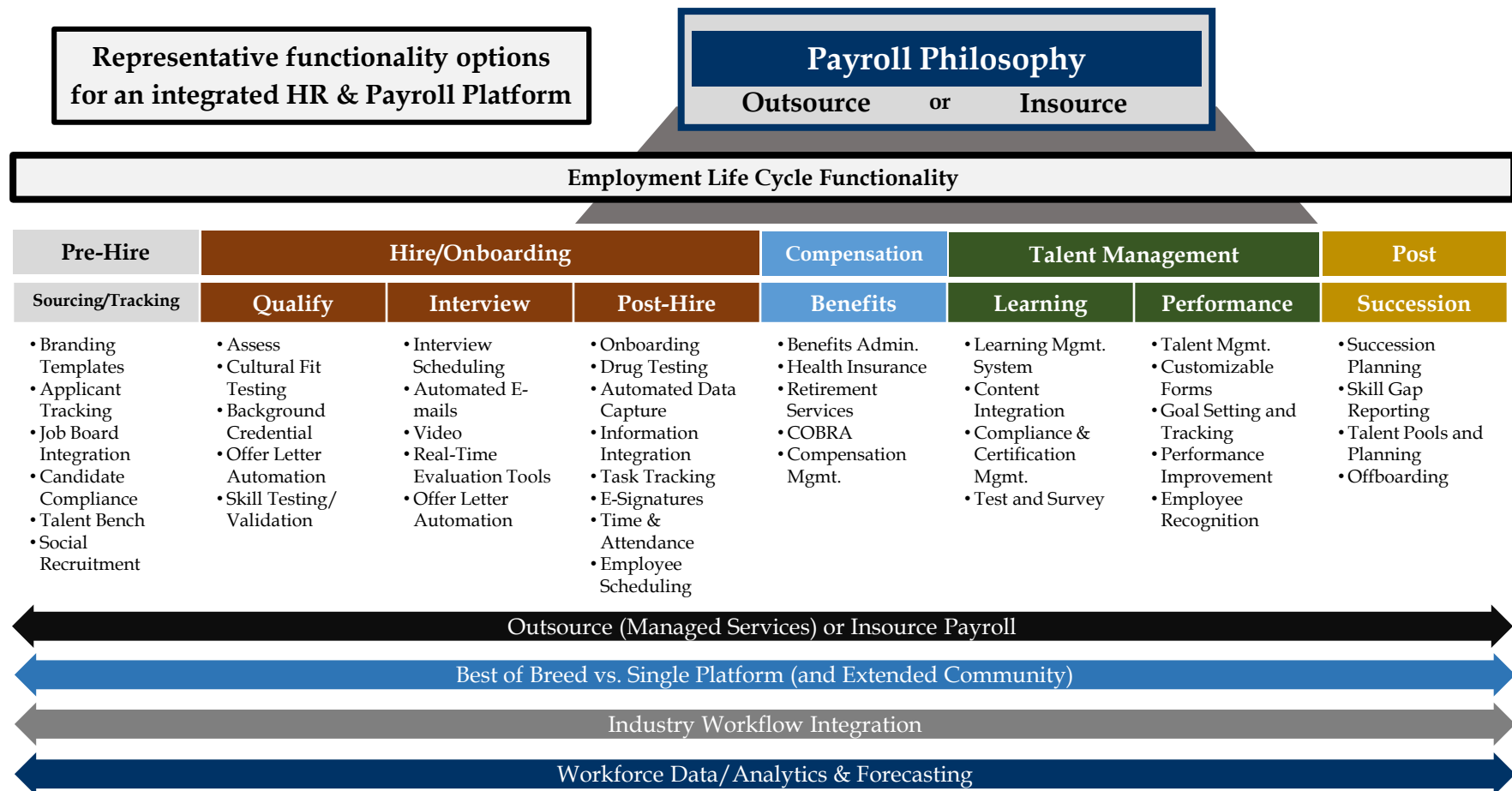
Metric	Definition/Comment
Adjusted Gross Profit	Gross profit before amortization of capitalized internal-use software costs, stock-based compensation expense and employer payroll taxes related to stock releases and option exercises and one-time executive bonus pay-outs, if any
Adjusted Recurring Gross Profit	Total recurring revenues after cost of recurring revenues and before amortization of capitalized internal-use software costs, stock-based compensation expense and employer payroll taxes related to stock releases and option exercises and one-time executive bonus pay-outs, if any
Adjusted EBITDA	Net income (loss) before interest expense (income), income tax expense (benefit), depreciation and amortization and stock-based compensation expenses and employer payroll taxes related to stock releases and option exercises and one-time executive bonus pay-outs, if any
Annual Recurring Revenue / Total Revenue (%)	The amount of annual recurring revenue (subscription-based, excluding implementation revenue)/total annual revenue
Annual Contract Value	Value of a customer contract over a 12 month period or the annual recurring revenue quota
Total Contract Value	The total value of contract per one customer. TCV is calculated as the full value of the contract, and not calculated on an annualized basis
PEPM	Per Employee Per Month – average cost (price) of service per individual EE per month

Operating

Metric	Benchmarks vary depending upon business model
BDR New Ramp Time	Months for a new business development representative to achieve full quota
BDR OTE	Business development representative on target earnings target
New Business Bookings Achievement (%)	Total quota achievement/targeted new business bookings
New Business Bookings – New Sales (%)	New sales from “new logos” as a percentage of total revenue
New Business Bookings – Upsell	New sales “upsells” to existing clients
Retention	Mean and median annual gross retention of revenue
Retention – Uncontrollable	Measure of uncontrollable churn (e.g., clients acquired or going out of business)

HR & Payroll Platform Functionality

- Businesses must choose their payroll “philosophy” starting with whether to insource or outsource (or hybrid) their payroll methodology. Despite easy to use self service technology, in general, the larger the enterprise, the more likely a business can insource their payroll requirements efficiently
- Payroll customers increasingly are making their payroll vendor decisions based on non-payroll related HR functionality
- Businesses of all sizes (SMB to enterprise) have increasingly sophisticated options for creating (best of breed build) or buying (single source) payroll & HR platforms. Many providers offer “vendor communities” to offer further complementary solutions
- Trends toward vertical industry workflow and optimal data & analytics insights increasingly influence platform decision making

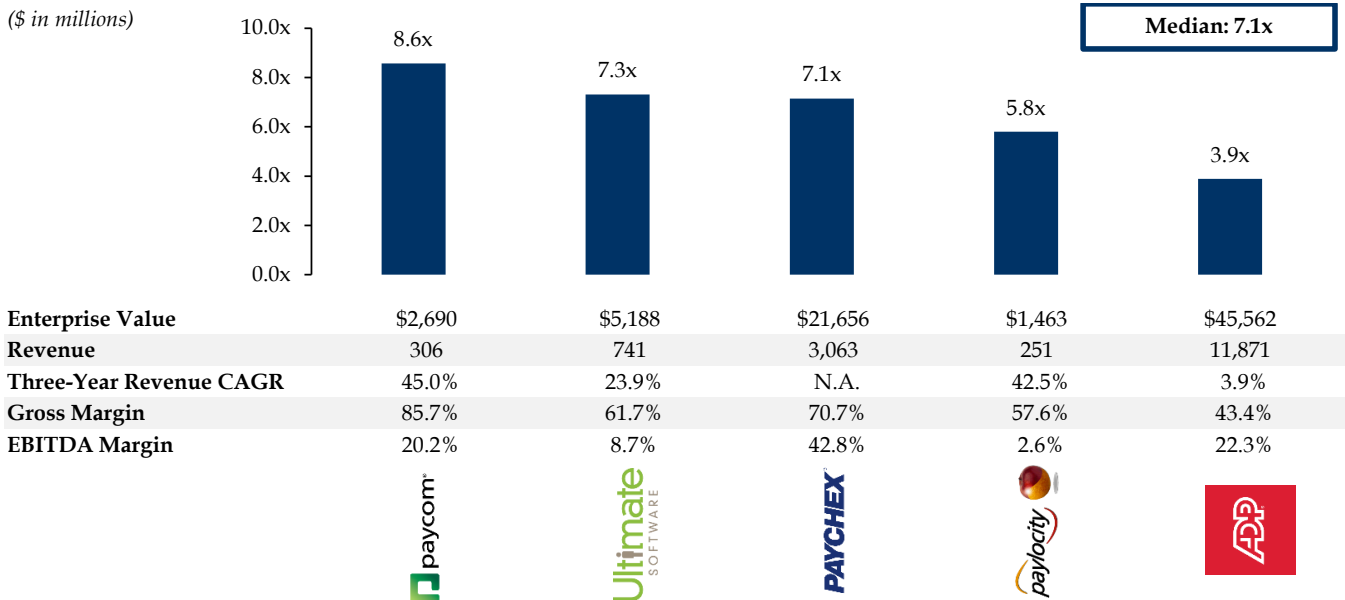


Market Performance and Valuation

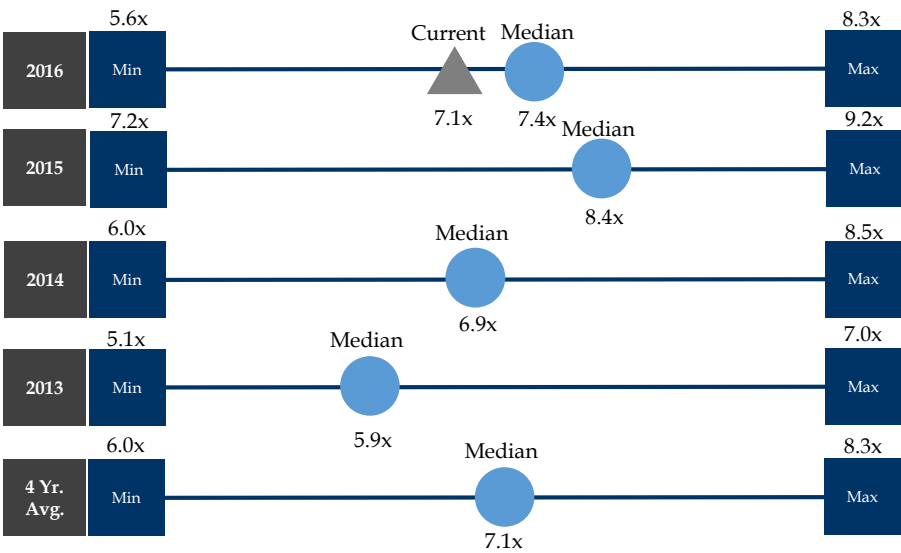
Market Valuation: Public Companies

Valuations driven disproportionately by growth (and future profit)

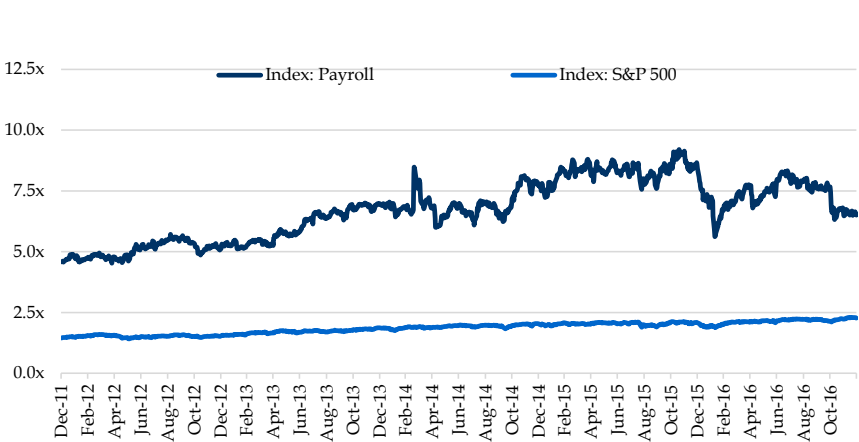
EV / LTM REVENUE - CURRENT VALUATION LEVELS



TRADING STATISTICS (INDEXED EV / LTM REVENUE)



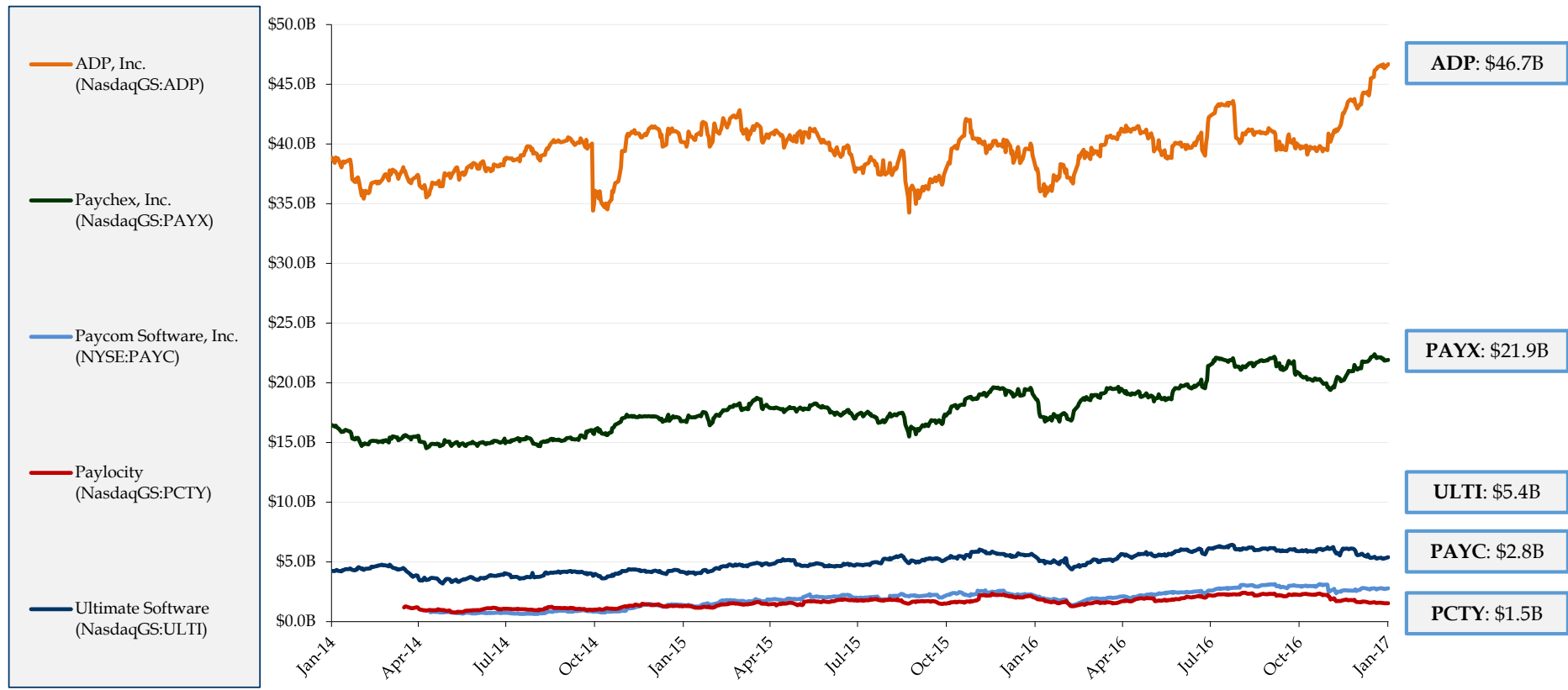
COMPARABLE COMPANY EV / LTM REVENUE (2011-2016)



Source: S&P Capital IQ as of 1/2/2017.

Payroll Market Performance – 3 Year

HISTORICAL MARKET CAPITALIZATION



Source: S&P Capital IQ as of 1/2/2017.

Note: Paycom and Paylocity not publicly traded until April and March 2014 (respectively).

Payroll Market Performance – Revenue & EBITDA Valuations

ADP (NASDAQ:ADP)

EV / LTM Revenue Multiple



EV / LTM EBITDA Multiple

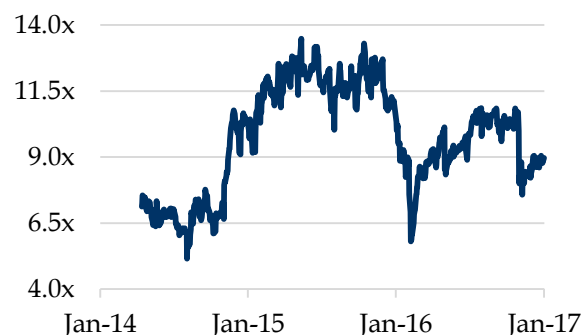


Summary Statistics

TEV/LTM EBITDA	17.4x
TEV/LTM Revenue	3.9x
52 Week High	\$103.88
52 Week Low	\$76.65

Paycom (NASDAQ:PAYC)

EV / LTM Revenue Multiple



EV / LTM EBITDA Multiple



Summary Statistics

TEV/LTM EBITDA	N.M.
TEV/LTM Revenue	8.6x
52 Week High	\$52.93
52 Week Low	\$22.42

Paychex (NASDAQ:PAYX)

EV / LTM Revenue Multiple



EV / LTM EBITDA Multiple



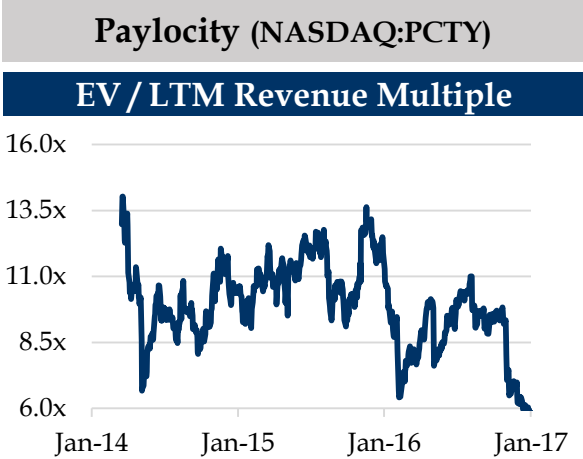
Summary Statistics

TEV/LTM EBITDA	16.7x
TEV/LTM Revenue	7.1x
52 Week High	\$62.18
52 Week Low	\$45.76

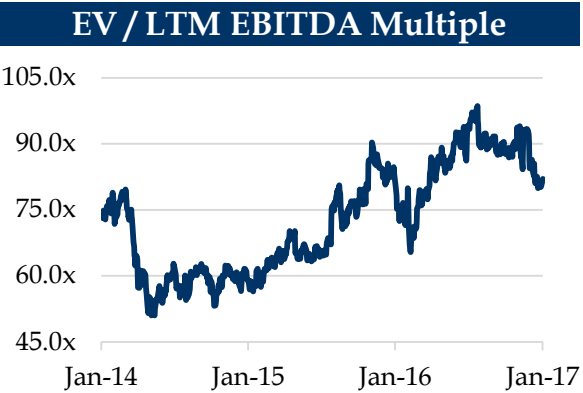
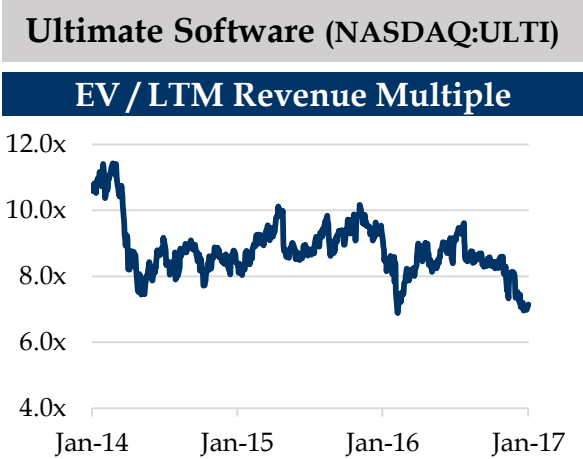
Source: S&P Capital IQ as of 1/2/2017.

Note: Paycom not publicly traded until April 2014.

Payroll Market Performance – Revenue & EBITDA Valuations



Summary Statistics	
TEV/LTM EBITDA	N.M.
TEV/LTM Revenue	5.8x
52 Week High	\$49.65
52 Week Low	\$24.00



Summary Statistics	
TEV/LTM EBITDA	N.M.
TEV/LTM Revenue	7.3x
52 Week High	\$224.07
52 Week Low	\$148.26

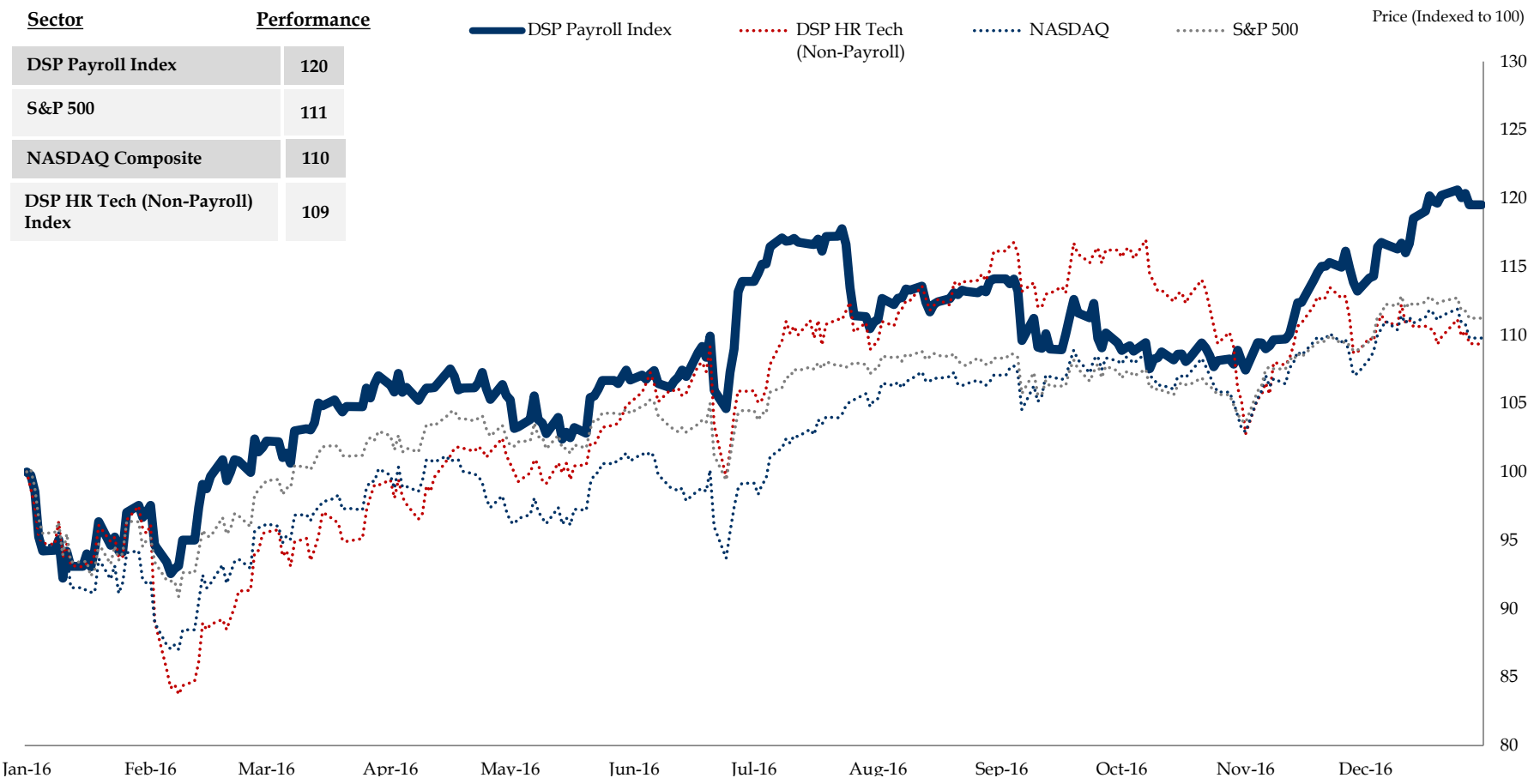
Source: S&P Capital IQ as of 1/2/2017.

Note: Paylocity EV/EBITDA graph excluded due to negative EBITDA results. Not traded publicly until March 2014.

Broad Market Performance

Equity Market Performance: One-Year Stock Performance

The DSP Payroll INDEX vs. MARKET INDICES (as of December 30, 2016)



DSP Payroll Index includes: NASDAQ: ADP, NASDAQ: PAYC, NASDAQ: PAYX, NASDAQ: PCTY, NASDAQ: ULTI

DSP HR Tech (Non-Payroll) Index includes: 51job (JOBS), Asure Software (ASUR), Benefit Focus (BNFT), Bond International (AIM:BDI), Callidus Software (CALD), Cornerstone OnDemand (CSOD), Dice Holdings (DHX), Ebix (EBIX), eHealth (EHTH), Health Equity (HQY), Healthstream (HSTM), Intuit (INTU), Monster Worldwide (MWW), Oracle Corporation (ORCL), Sage Group plc (LSE:SGE), SAP SE (DB:SAP), SEEK (ASX:SEK), Workday, Inc. (WDAY), XING AG (XTRA:01BC), Zhaopin (ZPIN)

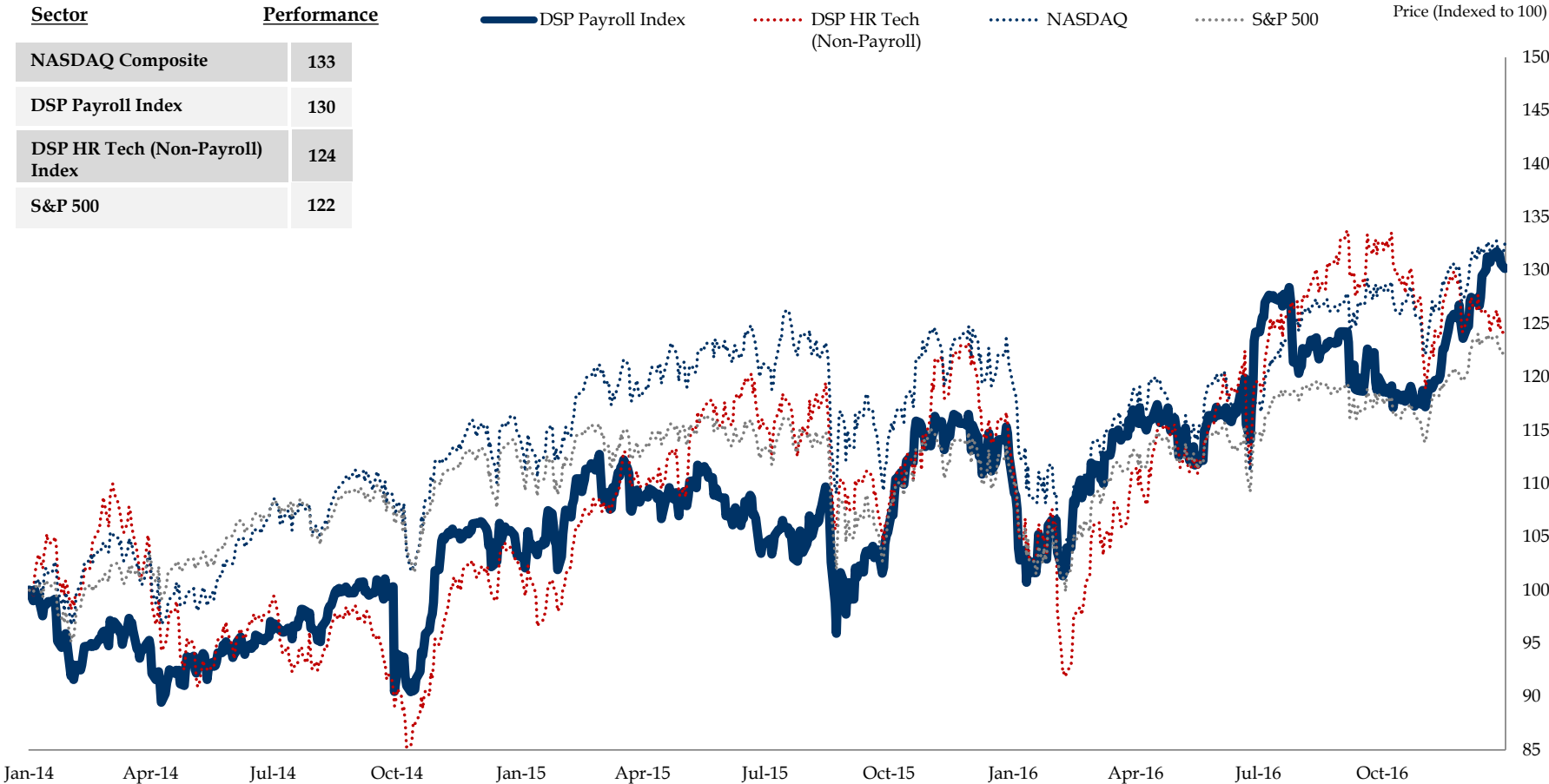
Note: Companies included in Payroll Index are weighted equally.

Source: Capital IQ.

Broad Market Performance

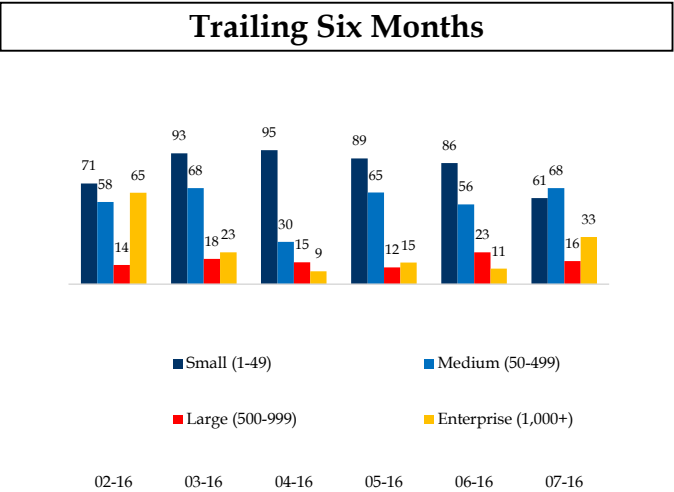
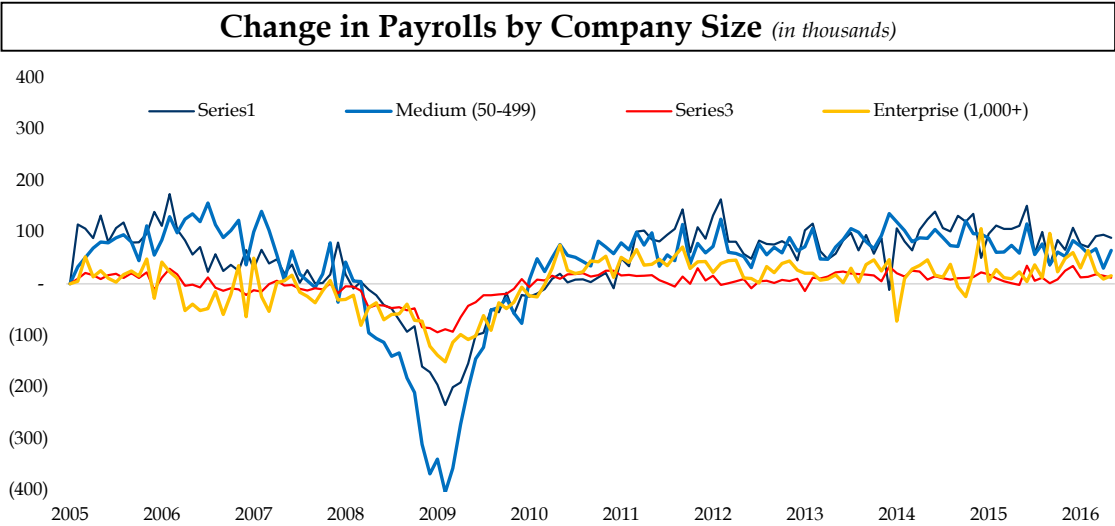
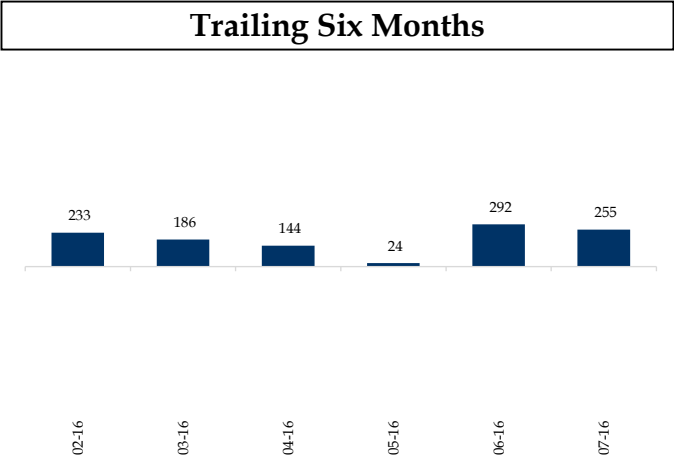
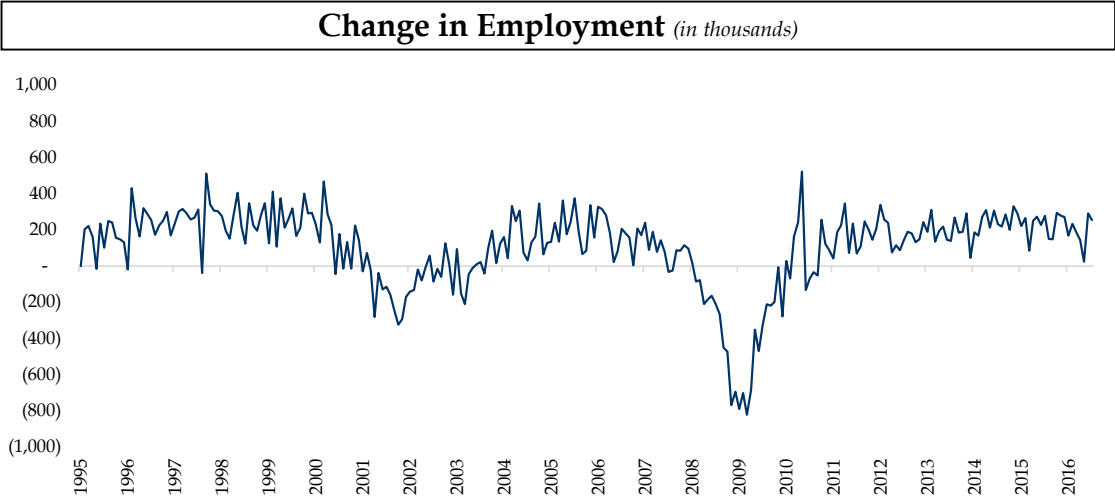
Equity Market Performance: Three-Year Stock Performance

The DSP Payroll INDEX vs. MARKET INDICES (as of December 30, 2016)

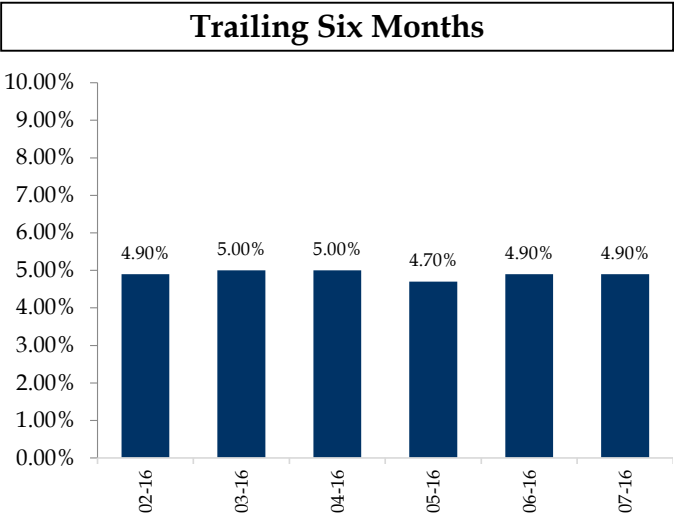
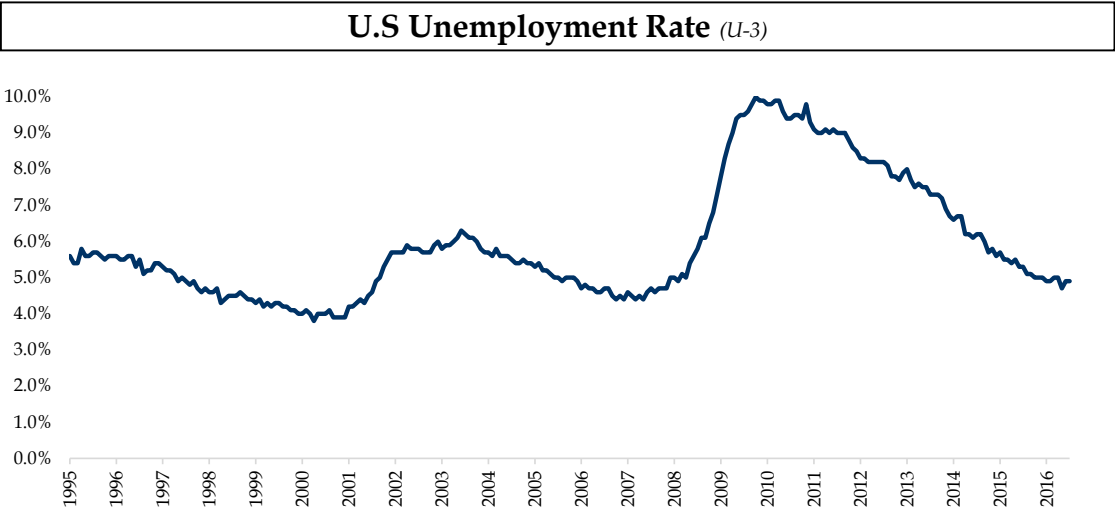


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Note: Companies included in Payroll Index are weighted equally.
Source: Capital IQ.

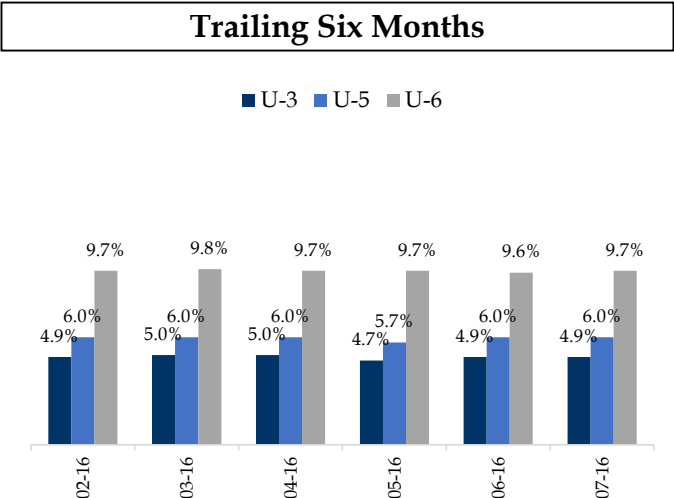
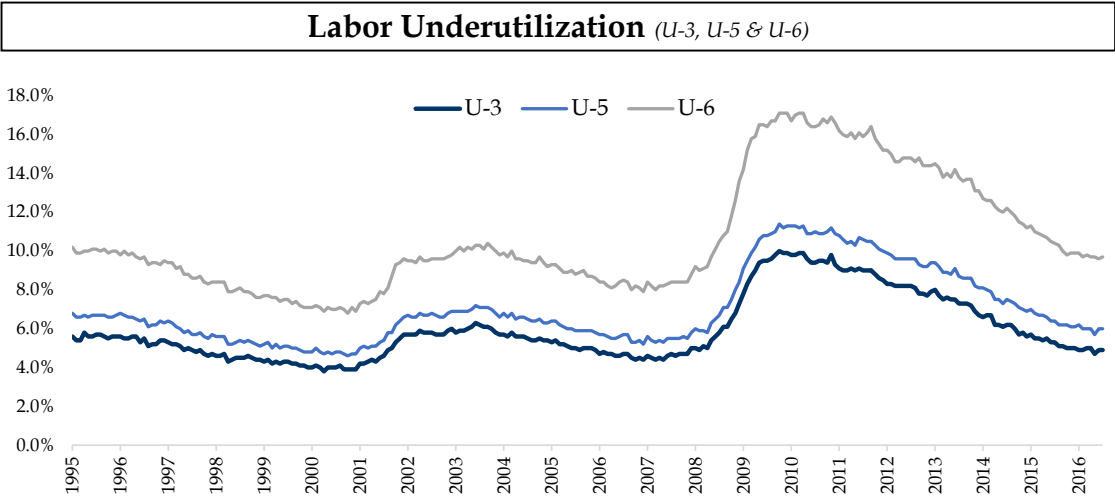
Key Labor Market Benchmarks: Employment



Key Labor Market Benchmarks: Unemployment



Source: Bureau of Labor Statistics. U-3 rate defined as total unemployed persons as a percent of civilian labor force. Data is seasonally adjusted.



Source: Bureau of Labor Statistics. U-5 rate defined as total unemployed persons, plus discouraged workers, plus all other persons marginally attached to the labor force, as a percent of the civilian labor force plus all persons marginally attached to the labor force. U-6 rate defined as total unemployed persons, plus all persons marginally attached to the labor force, plus total persons employed part time for economic reasons, as a percent of the civilian labor force plus all persons marginally attached to the labor force. Data is seasonally adjusted.

Valuation Multiples and Financial Statistics

COMPANY		STOCK PERFORMANCE AND COMPANY DATA					LTM MARGINS		GROWTH ⁽¹⁾		VALUATION DATA					
Sorted by Market Value	12/30/16	52-Week		Market Value	Enterprise Value	Revenue LTM	Gross Profit	EBITDA	5-Year EPS	3-Year Revs	EV / Revenue		EV / EBITDA		Price / Earnings	
		Low	High	(\$mm)	(\$mm)	(\$mm)	% Margin	% Margin	CAGR	CAGR	LTM	2016	LTM	2016	2016	2017
Automatic Data Processing, Inc.	\$102.78	\$76.65	\$103.88	\$46,919.1	\$46,109.2	\$11,870.7	43.4%	22.3%	7.3%	3.9%	3.9x	3.8x	17.4x	17.5x	29.1x	27.1x
Paychex, Inc.	60.88	45.76	62.18	22,087.3	21,897.4	3,063.4	70.7%	42.8%	8.7%	N.M.	7.1x	N.M.	16.7x	N.M.	28.7x	26.4x
The Ultimate Software Group, Inc.	182.35	148.26	224.07	5,516.6	5,416.2	741.4	61.7%	8.7%	44.6%	23.9%	7.3x	6.9x	N.M.	29.1x	N.M.	45.5x
Paycom Software, Inc.	45.49	22.42	52.93	2,669.6	2,625.2	306.4	85.7%	20.2%	N.M.	45.0%	8.6x	8.0x	N.M.	29.5x	N.M.	43.7x
Paylocity Holding Corporation	30.01	24.00	49.65	1,531.6	1,453.6	250.6	57.6%	2.6%	N.M.	42.5%	5.8x	5.5x	N.M.	N.M.	N.M.	N.M.
Sorted by Gross Margin	12/30/16	52-Week		Market Value	Enterprise Value	Revenue LTM	Gross Profit	EBITDA	5-Year EPS	3-Year Revs	EV / Revenue		EV / EBITDA		Price / Earnings	
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Paylocity Holding Corporation	30.01	24.00	49.65	1,531.6	1,453.6	250.6	57.6%	2.6%	N.M.	42.5%	5.8x	5.5x	N.M.	N.M.	N.M.	N.M.
Automatic Data Processing, Inc.	102.78	76.65	103.88	46,919.1	46,109.2	11,870.7	43.4%	22.3%	7.3%	3.9%	3.9x	3.8x	17.4x	17.5x	29.1x	27.1x
Sorted by Growth Rate	12/30/16	52-Week		Market Value	Enterprise Value	Revenue LTM	Gross Profit	EBITDA	5-Year EPS	3-Year Revs	EV / Revenue		EV / EBITDA		Price / Earnings	
		Low	High	(\$mm)	(\$mm)	(\$mm)	% Margin	% Margin	CAGR	CAGR	LTM	2016	LTM	2016	2016	2017
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Overall HR Technology Group																
Mean				\$15,744.8	\$15,500.3	\$3,246.5	63.8%	19.3%	20.2%	28.8%	6.5x	6.1x	17.1x	25.4x	28.9x	35.7x
Median				5,516.6	5,416.2	741.4	61.7%	20.2%	8.7%	33.2%	7.1x	6.2x	17.1x	29.1x	28.9x	35.4x
High				46,919.1	46,109.2	11,870.7	85.7%	42.8%	44.6%	45.0%	8.6x	8.0x	17.4x	29.5x	29.1x	45.5x
Low				1,531.6	1,453.6	250.6	43.4%	2.6%	7.3%	3.9%	3.9x	3.8x	16.7x	17.5x	28.7x	26.4x

ADP & Paychex	12/30/16	52-Week		Market Value	Enterprise Value	Revenue LTM	Gross Profit	EBITDA	5-Year EPS	3-Year Revs	EV / Revenue		EV / EBITDA		Price / Earnings	
		Low	High	(\$mm)	(\$mm)	(\$mm)	% Margin	% Margin	CAGR	CAGR	LTM	2016	LTM	2016	2016	2017
Automatic Data Processing, Inc.	\$102.78	\$76.65	\$103.88	\$46,919.1	\$46,109.2	\$11,870.7	43.4%	22.3%	7.3%	3.9%	3.9x	3.8x	17.4x	17.5x	29.1x	27.1x
Paychex, Inc.	60.88	45.76	62.18	22,087.3	21,897.4	3,063.4	70.7%	42.8%	8.7%	N.M.	7.1x	N.M.	16.7x	N.M.	28.7x	26.4x
Paycom, Paylocity & Ultimate	12/30/16	52-Week		Market Value	Enterprise Value	Revenue LTM	Gross Profit	EBITDA	5-Year EPS	3-Year Revs	EV / Revenue		EV / EBITDA		Price / Earnings	
		Low	High	(\$mm)	(\$mm)	(\$mm)	% Margin	% Margin	CAGR	CAGR	LTM	2016	LTM	2016	2016	2017
Paycom Software, Inc.	45.49	22.42	52.93	2,669.6	2,625.2	306.4	85.7%	20.2%	N.M.	45.0%	8.6x	8.0x	N.M.	29.5x	N.M.	43.7x
Paylocity Holding Corporation	30.01	24.00	49.65	1,531.6	1,453.6	250.6	57.6%	2.6%	N.M.	42.5%	5.8x	5.5x	N.M.	N.M.	N.M.	N.M.
The Ultimate Software Group, Inc.	182.35	148.26	224.07	5,516.6	5,416.2	741.4	61.7%	8.7%	44.6%	23.9%	7.3x	6.9x	N.M.	29.1x	N.M.	45.5x

Source: Capital IQ as of 12/30/16.
(1) 5-Year EPS Growth represents 2017P metric vs 2012A results except in certain circumstances where out year projections are not available; 3-Year Revs CAGR represents 2017P metric vs 2014A results.

Valuation Multiples and Financial Statistics – Payroll vs. Related HR Technology

COMPANY	STOCK PERFORMANCE AND COMPANY DATA						LTM MARGINS		GROWTH ⁽¹⁾		VALUATION DATA					
	12/30/16	52-Week		Market Value (\$mm)	Enterprise Value (\$mm)	Revenue LTM (\$mm)	Gross Profit % Margin	EBITDA % Margin	5-Year EPS CAGR	3-Year Revs CAGR	EV / Revenue		EV / EBITDA		Price / Earnings	
Payroll Companies		Low	High								LTM	2016	LTM	2016	2016	2017
Automatic Data Processing, Inc.	\$102.78	\$76.65	\$103.88	\$46,919.1	\$46,109.2	\$11,870.7	43.4%	22.3%	7.3%	3.9%	3.9x	3.8x	17.4x	17.5x	29.1x	27.1x
Paychex, Inc.	60.88	45.76	62.18	22,087.3	21,897.4	3,063.4	70.7%	42.8%	8.7%	N.M.	7.1x	N.M.	16.7x	N.M.	28.7x	26.4x
The Ultimate Software Group, Inc.	182.35	148.26	224.07	5,516.6	5,416.2	741.4	61.7%	8.7%	44.6%	23.9%	7.3x	6.9x	83.9x	29.1x	N.M.	45.5x
Paycom Software, Inc.	45.49	22.42	52.93	2,669.6	2,625.2	306.4	85.7%	20.2%	N.M.	45.0%	8.6x	8.0x	42.3x	29.5x	N.M.	43.7x
Paylocity Holding Corporation	30.01	24.00	49.65	1,531.6	1,453.6	250.6	57.6%	2.6%	N.M.	42.5%	5.8x	5.5x	N.M.	46.0x	N.M.	N.M.
<i>Payroll Group</i>																
Mean				\$15,744.8	\$15,500.3	\$3,246.5	63.8%	19.3%	20.2%	28.8%	6.5x	6.1x	40.1x	30.5x	28.9x	35.7x
Median				5,516.6	5,416.2	741.4	61.7%	20.2%	8.7%	33.2%	7.1x	6.2x	29.9x	29.3x	28.9x	35.4x
High				46,919.1	46,109.2	11,870.7	85.7%	42.8%	44.6%	45.0%	8.6x	8.0x	83.9x	46.0x	29.1x	45.5x
Low				1,531.6	1,453.6	250.6	43.4%	2.6%	7.3%	3.9%	3.9x	3.8x	16.7x	17.5x	28.7x	26.4x
Related HR Technology																
Oracle Corporation	\$38.45	\$33.13	\$42.00	\$162,528.2	\$159,032.2	\$37,236.0	58.5%	39.2%	9.2%	N.M.	4.3x	N.M.	10.9x	9.6x	N.M.	14.5x
SAP SE	87.25	66.50	87.68	104,656.5	107,643.0	24,370.3	68.2%	26.6%	11.0%	0.1%	4.4x	4.6x	16.6x	13.7x	21.8x	19.7x
Intuit Inc.	114.61	88.17	118.66	29,970.5	30,465.5	4,759.0	84.2%	30.0%	15.9%	5.8%	6.4x	6.2x	21.3x	17.1x	29.2x	25.4x
Workday, Inc.	66.09	47.32	93.35	12,950.1	11,563.9	1,456.2	68.7%	N.M.	N.M.	49.4%	7.9x	7.4x	N.M.	85.3x	N.M.	N.M.
The Sage Group plc	8.09	6.70	9.40	8,760.9	9,168.7	2,043.2	93.4%	28.4%	6.8%	(4.9%)	4.5x	4.8x	15.8x	15.3x	23.6x	20.1x
HealthEquity, Inc.	40.52	15.80	45.00	2,416.4	2,250.7	167.4	60.1%	30.9%	42.4%	41.9%	13.4x	12.7x	43.4x	36.5x	N.M.	N.M.
Cornerstone OnDemand, Inc.	42.31	22.25	47.75	2,337.7	2,336.5	410.0	68.0%	N.M.	N.M.	31.8%	5.7x	5.5x	N.M.	67.4x	N.M.	N.M.
Ebix, Inc.	57.05	28.28	63.00	1,895.0	2,058.9	288.5	72.6%	37.3%	18.2%	12.8%	7.1x	7.0x	19.2x	18.5x	20.7x	20.2x
Benefitfocus, Inc.	29.70	21.04	44.98	872.1	887.1	225.0	47.3%	N.M.	N.M.	30.7%	3.9x	3.8x	N.M.	N.M.	N.M.	N.M.
<i>Related HR Technology Group</i>																
Mean				\$36,265.3	\$36,156.3	\$7,883.9	69.0%	32.1%	17.3%	20.9%	6.4x	6.5x	21.2x	32.9x	23.8x	20.0x
Median				8,760.9	9,168.7	1,456.2	68.2%	30.5%	13.5%	21.7%	5.7x	5.9x	17.9x	17.8x	22.7x	20.1x
High				162,528.2	159,032.2	37,236.0	93.4%	39.2%	42.4%	49.4%	13.4x	12.7x	43.4x	85.3x	29.2x	25.4x
Low				872.1	887.1	167.4	47.3%	26.6%	6.8%	(4.9%)	3.9x	3.8x	10.9x	9.6x	20.7x	14.5x

Source: Capital IQ as of 12/30/16.

(1) 5-Year EPS Growth represents 2017P metric vs 2012A results except in certain circumstances where out year projections are not available; 3-Year Revs CAGR represents 2017P metric vs 2014A results.

Special Feature on Global Payroll

DSP Comments on Global Payroll

Global Payroll Introduction

There is no better example of a true “HCM curiosity” than the ever nebulous topic of “global payroll.” Many HCM pundits enjoy debating the eventuality versus practical impossibility of a single, truly *local everywhere*, global payroll platform. Meanwhile in the “field,” operators of multi-country businesses have no time for such lofty HCM conjecture – they actually need to employ and pay people, accurately and in a timely manner, *and* must do so in a cost efficient way.

While the pundits debated, historically these businesses have had to find (or *create*) their own unique solution to this lodgmental dilemma. Often this has been done by patching together a multitude of disparate systems and providers region by region – not easy or efficient. The more challenging the geographic requirements, the greater the stitch work of global aggregators (providers that manage other providers), BPO providers, or single country or regional payroll providers, local accounting firms, et cetera can become. Management of a multi-country network like this is a big source of pain for HR and country managers. But it also creates the big opportunity that global payroll today presents and one that both the large well known payroll providers and the smaller technology-nimble providers, many of whom we profile in the following pages, are aggressively going after.

It’s topics like these where we here at Delancey Street turn to the real experts. Professionals that have walked the walk, built the businesses and have the battle scars and sage advice to show for it.

In this Special Payroll Edition of the DSP HCM Report, our “Big Ideas Q&A” turns over this prickly global payroll topic to HCM industry veteran Brian Radin, Chief Revenue Officer of New York, NY-based CloudPay Solutions. We are certain you will enjoy Brian’s views and the clarity he brings to this very complex HCM topic (not to mention his strong philosophies on life).

Special Feature – Global Payroll

Big Ideas: Q&A with Brian Radin



Brian Radin is the Chief Revenue Officer of CloudPay, a next generation payroll solution for multinational businesses with complex global payroll requirements. Brian is responsible for all revenue-generating activities and business strategy. He is an accomplished executive, bringing more than two decades of leadership experience and a track record of enhancing results for multiple leading organizations, primarily within human capital. Brian has founded four start-ups including a global payroll software company, a Professional Employer Organization and an employment and income technology platform as well as roles with Comcast, Booz & Co., ADP and Aon Hewitt. He holds an MBA from the Wharton School, an MS from the Newhouse School at Syracuse University and a BA from the University of Pennsylvania. Brian is on the Advisory Board of Total Leadership at the Wharton School and Unleashed, a New York social justice program for girls.

DSP: Hello Brian. To kick things off, can you tell everyone how you originally got into the Payroll/HR space?

BR: It really was by accident. After graduating from Penn and getting a Masters at the Newhouse School, I thought it would be a career in broadcasting or media, and I did spend 3 years in the cable industry (at its emergence in the mid-80's). But I decided to head back to get an MBA at Wharton and my career after graduation took different paths through consulting and private equity.

Eventually, I knew I wanted to build my own business and saw an opportunity to do that at ADP, a company I only knew as the name on my paycheck! So I joined a newly formed strategy and development group and ultimately through an acquisition got ADP into the PEO business, which I renamed ADP TotalSource (the largest PEO today). I loved the PEO value proposition for small businesses (still a very new concept in 1996), so I left and co-founded my own PEO and grew it for nine years, before selling to a partner in 2007. The PEO business provided insights into much broader areas of HR than at ADP, and offered a window into possible future opportunities, some of which I would ultimately pursue like global payroll.

Big Ideas: Q&A with Brian Radin

Brian, you obviously have seen a lot over your career. What's the biggest change you've seen in HR over the last decade?

That's easy, technology. The HR space has in many ways always been a step-child in the C-Suite. But the emergence of SaaS and cloud solutions have brought HR from people-driven processes to the ability to deliver capabilities and information that have been readily available in finance, supply chain and CRM for a number of years and given HR leaders more ammunition for budget and visibility.

We are also in the middle of a trend of large corporations focusing on single-source solutions versus best in breed. HR executives seem to be willing to give up some capabilities for the ease of a single vendor/contract delivering multiple solutions across the human capital spectrum. Obviously Workday is in the middle of this evolution, but the world is cyclical, so it will likely change again over the next few years as more innovative and cheaper technology emerges. The question for me is whether VC money will stay in or bail on these newer vertical solutions.

You've been in leadership roles at very large businesses like ADP and smaller venture-backed companies like CloudPay over your career, how is it different managing people and working in these different sized organizations?

There just is not enough room in this Q&A for my thoughts here, but I will summarize simply by saying that not all large organizations are slow and "dumb," and start-ups prescient and agile! Each has its pros and cons, but there certainly is a commonality among the people that work in each, clearly one group is more about stability, the other about taking risk. As a leader you have to understand these characteristics and try and instill risk-taking in structured environments, and counsel against simply living for today in others.

Big Ideas: Q&A with Brian Radin

How would you describe your personal leadership style and give us some “HR lessons learned.”

I try and lead by example. I would never ask one of my team to do something I wouldn't do as well. I have had success by giving my report's clear direction, being transparent in setting goals and letting them go get them, while providing guidance and support. However, people are the hardest part of starting or managing a business, because they are not machines, they are often driven by emotion, not logic. This has been one of the toughest lessons I have learned over the years, especially when dealing with individuals that I like or have contributed, but I know intuitively that a change needs to be made...my counsel is take action, even if it is hard, otherwise you may suffer the negative consequences that could have been prevented.

In your professional career, what are you most proud of?

Creating jobs. Over the years through my startups I have been able to provide great roles for individuals from sales to client service to finance, and then watched their career development and see how each took pride in how we grew a new business together. Beyond that, I was able to get to know many personally, watching their kids go from grade school to college, all from what we started...it's hard to get that feeling in larger organizations.

Brian, you're extremely knowledgeable in global payroll. Let's cut to the chase, what exactly is global payroll and are there any truly global (technology) platforms?

Global payroll seems to have multiple meanings depending on whether you are the provider, customer, analyst or consultant. Many corporations think having 20-30 providers in forty countries is a global payroll solution, analysts often define it where a provider has its gross to net payroll engines, and still others just believe if you get data from in-country partners (ICP's) into a single database, that's global payroll.

First, global payroll is actually a bit of a misnomer. The days of multinationals putting out huge RFP's for all 70 of their countries across the globe and having the expectations that one provider can deliver the “best” solution in all regions and market sizes is pretty much gone, and even if they start that way, they usually end up with a piecemeal solution or no change at all.

To CloudPay, global payroll consists of multiple countries within a single region or potentially across regions in clusters. In every footprint, there are many, in fact most countries where the populations are less than 200 heads, even if they have a small number of geographies with over 1,000 employees. This is often called the “big heads & long-tails” phenomenon.

(continued on next page)

Big Ideas: Q&A with Brian Radin

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Also, there are 196 countries in the world, which means covering the globe with a single technology would require building calculation engines in each geography...nobody is even close. SAP's on-premise payroll software (ADP GlobalView's and NGA's primary engine) has "only" 54 countries and is the deepest platform in the world. Consequently, everybody uses ICP's for most of their populations. So in one sense, there is absolutely not one truly global platform.

But payroll is more than gross to net calculations, in fact, we believe all of the processes prior to the calculation (integration of data from HRIS, pre-processing, approvals, etc.) and post-calculation (payments to third parties, payments to employees, analytics, etc.) are the real backbone of a solution. CloudPay's technology is built with that in mind, which means our ICP's must use our application to do everything, but run the gross to net.

With that being said, we are always looking at economic ways to eliminate ICP's, to remove the "last mile" of liability and reduce overall costs. We recently did a deal with Ramco to license their payroll engines in over forty APAC countries, which we will bring into our cloud and further reduce ICP dependence. Today we process over 72% of our checks without ICP's, and are targeting 80% by end of 2017, but ICP's will always exist and our hybrid model is likely the closest to a truly global technology.

Okay, let's hear the elevator pitch, what is CloudPay about, what do they do extremely well and what is their revenue model?

CloudPay is the next generation payroll solution for multinational businesses with complex global payroll requirements. CloudPay is the world's only cloud-based platform for integrated global payroll, analytics and payments processing and delivery. CloudPay's solution ensures that employees get accurate and timely payments while centralizing all payroll data to allow organizations to improve the performance of their global operations. We believe that payroll processes are truly global, which has allowed us to build a standardized tool set that applies across the world. Our platform enables us to effectively serve the "long-tails," a space that the big players have been unable to deliver, since they use ICP's or their core platform does not scale down cost-effectively (e.g., SAP). We believe in:

- Giving customers greater transparency into the "black box" of global payroll
- Providing an elegant interface within the CloudPay technology environment
- Building better tools to manage all portions of the payroll processes
- Standardizing information to better manage global processes and drive down costs
- Developing an agile product roadmap

CloudPay derives revenue from implementation (completely done in-house), a license fee for its software and a country per check fee.

Big Ideas: Q&A with Brian Radin

Global payroll is still relatively small in terms of industry market size. How do you define the market opportunity for global payroll?

If you define the market as any opportunity to convert in-country solutions to a global platform than the market is in the billions, but that is just not the case. This market sizing reminds me of what people thought about PEO's (and many still do), any small business can buy it, so the market today is less than 7.5% penetrated! That's just unrealistic. Most small business owners do not want the co-employment model, so the market is much smaller. Same applies for global payroll, many multinationals just will not undertake a global transformation (expense and inability to change), so, the market is much smaller. In 2015, ISG claimed there were about 430 global payroll deals, that's defined as more than 3 countries moving to a single platform, with an estimated total ACV of about \$250M – \$300M. The real market is closer to that annual number. For CloudPay though, there is plenty of market, so I am not that focused on sizing.

How do you see the landscape changing? What is the biggest innovation currently occurring in the global payroll space?

To be honest, this is not a fast-forward industry, but it is beginning to catch-up to other enterprise and consumer spaces. CloudPay has made a big bet on providing better, more transparent technology, with a focus on enhancing user's experiences. We are also delivering a unique set of data, not just basic payroll results (e.g., number of global pays), but insights into a customer's processes and team performance and then benchmarking results against our universe of data. We are trying to help customers measure what they do so they can actually become more efficient at lower costs. Multinationals are also starting to be more proactive in addressing global compliance, stimulated by the controversial EU directives on privacy and security. They always knew compliance issues existed in their far-flung operations, but just looked the other way...that's changing.

Big Ideas: Q&A with Brian Radin

In a traditional payroll model, providers tightly focus their products by customer size (SMB, mid-market, enterprise, etc.). Is such an alignment relevant in global payroll and where are the big boys (SAP, IBM, Oracle) in terms of the global payroll offering?

Bill, market segmentation is not as clear in global payroll, and frankly that is one of the problems in the market. The simplest segmentation is pure software versus managed services, but in terms of markets served, there is no real clarity among the primary global players. In fact, a major buyer frustration is that most of the managed service providers say they “can do anything,” which in reality they can’t serve all segments seamlessly and cost-effectively.

CloudPay’s mission is to be the leading global payroll solution for the middle market (200 pays to 7,500 pays). Since our application is based on standard workflows and in the cloud, it is ideally suited to scale up, but also to scale down to service those “long-tails.” We believe that the middle market is under-served and wants enhanced technology as well as superb service.

The larger software players are continuing to move solutions to the cloud (e.g., SAP on-premise to Employee Central payroll), and more focused on competing with Workday’s HCM than licensing payroll.

(continued)

The big managed services companies are using SAP as their core payroll engine, which at the right scale (“big heads”) is affordable and delivers solid functionality (ADP GlobalView, NGA Global). The problem is that almost no deal is only “big heads,” thus they must use alternatives in the middle and down market, which are not true global applications, rather they are a combination of ICP’s or acquired in-country software companies, that are not unified. Consequently, we hear all the time about how ADP Streamline (their middle market and SMB offering) and NGA are not integrated with their SAP platforms, data is out of sync, each country runs differently, and it is difficult for customers to have any visibility into the status of their payroll processes.

The old lift and shift solutions are not in vogue, but the move to multi-pillar BPOs (payroll, IT, HR) may return and players like IBM, Xerox, Infosys may come back to the space in a bigger way to serve this market.

Big Ideas: Q&A with Brian Radin

Brian, given your vast payroll background, I have to ask you this one. What's your take on some of the newer, micro payroll models (freemium/near-freemium)?

I believe that there is always a market for great technology that meets customer needs. With that being said, I wonder how many will ultimately survive. Many of the SaaS-based solutions are built principally for employers with less than 10 employees, the same market as QuickBooks' users. I think the valuations of some of these models are crazy, just do the math. US SMB payroll is a commodity, think about how many small payrolls you have to sell at \$1.50/check to reach even \$50M in revenue and justify huge multiples.

Consequently, these companies start to look upmarket for bigger deals and suddenly they face more traditional players (like ADP, Paycheck, Paycom, Paylocity, etc.) with broader solutions, which better meet that market need. Also, the beauty of these solutions is how self-service oriented they are due to the technology. But as soon as you move upmarket, customers need more hands-on service, you move from primarily being a technology SaaS solution to greater managed services, which is much more expensive to build and operate and has many more service implications and begins to deteriorate your splendid margins, you see this over and over again.

New payroll technology platforms have enabled recent entrants to compete very effectively in the marketplace, what will be the next big payroll trend compacting the market the next 5+ years?

This is true in US payroll, but not really in the global space. I had a global payroll start-up in 2009 and I left the space in early 2013. When I arrived at CloudPay in November 2015, very little had changed. The reality is the same players are delivering the same solutions. Some regional players are attempting to grab broader business (SD Worx and activpayroll in EMEA, Ascender in APAC and Adam in LATAM to name a few), but are still only in small footprints and using ICP's with minimal technology. Others are forming marketing partnerships to get more critical mass (Ceridian joined the Payroll Services Alliance), but the majority are still operating as they were (ADP, NGA, SGWI, and Celergo) in 2010.

There are some trends that have begun to impact the market and I see them continuing into the future.

- Greater momentum for payroll & HR shared service centers
- Emergence of a true Compliance as a Service solution
- Customers getting greater access to the technology...more self-service
- Major players are and will have to rewrite antiquated software platforms
- Final barriers to customers buying SaaS solutions will fall

We see the shared service trend picking-up steam as customers try and manage costs and employee expectations around the world.

Big Ideas: Q&A with Brian Radin

In payroll this has been difficult, as each center may use different software or partners. CloudPay's standard technology is an ideal platform for payroll shared services, it's the same around the globe, which makes training and managing customer teams easier and provides unique analytics into process and performance management, critical for running a global shared service center. We have actually doubled-down on this trend by announcing a formal alliance with OneSource Virtual, the leading Workday integration and services partner. We will jointly be delivering global workforce administration using the Workday platform as the system of record and our certified connectors to move data to our CloudPay solution, all with a Tier One call center. Nobody has this type of solution and we see it as an alternative or supplement to the shared service concept.

The other area that I think will emerge is a true Compliance as a Service solution. Global CFO's and risk managers comprehend the broad country by country regulatory risk, but don't really know how to handle it beyond asking their auditors or tax firms to monitor and respond. Attempts to deliver these solutions, like Radius, have had mixed success, and are not really a SaaS subscription model. We get asked about these in-country services all the time (e.g., can you review our work council agreement), but do not have a solution other than possible referring a customer to our ICP. If an intellectual subscription service was available, I believe compliance and piece of mind would drive the purchase, making this a highly profitable business.

Fill in the blank, a great payroll business does ____.

A great managed service payroll business optimizes the intersection of technology and service. That is, build great technology that allows the provider to deliver more information and insights to customers on demand, while enhancing tools to ensure on-going quality service. In the global space, it also allows multinationals to sleep better at night by better serving their employees and keeping companies truly in compliance.

Big Ideas: Q&A with Brian Radin

Brian, as a “closer look” give the DSP readers a few Personal Fun Facts about yourself...

Birthplace:	Syracuse, NY
First Job:	After graduating high school, taught tennis to grade schoolers
Favorite Music/Artist:	Still like that old-time rock 'n roll, which by the way annoys my high school and college age kids
Hobby:	Love to watch SU and Wisconsin (son's school and Bill Filip's alma mater) college basketball
Favorite Vacation Spot:	Any beach where I can catchup on the 30 unread books on my shelf
Favorite Hometown Restaurant:	I live in NYC, so an extremely tough call, but would have to say Peter Luger Steak House in Brooklyn, a classic (backdrop photo)
Charitable/Non Profit You Support:	Unleashed (unleashedny.org), a NYC-based social justice and leadership program that transforms the lives of middle-school girls. Unleashed empowers girls to take a stand against an injustice they care deeply about, animal rights and welfare. Since 2011, over 500 girls have gone through this after-school program and they have rescued over 750 puppies from kill shelters. I am also very biased as the organization was the brainchild of my wife, Dr. Stacey Radin
Car You Drive:	Since I am always picking up puppies from transports that come from the south, an SUV is mandatory, so I have a 2016 Black Acura MDX
Biggest Regret:	Not becoming the next Marv Albert. I was the Sports Director at Penn's radio station, WXPB, and broadcast Quaker football and basketball, I always wanted to get into on air broadcasting, but my career took different turns, so instead, I just complain about the guys I see broadcasting on TV!
Little Known Fact:	One of the puppies we rescued was in the Puppy Bowl on Super Bowl Sunday
My Golden Rule:	Always keep an eye on the future, but never forget the past <i>Thanks Brian!</i>

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Description: Founded in 1949, ADP provides business process outsourcing services worldwide. The Employer Services segment offers a range of business outsourcing and technology-enabled human capital management (HCM) solutions, including payroll services, benefits administration services, talent management and more.

Financial Information (\$ in millions)

2016E Revenues: \$12,081.2 **Ent. Value/Revenue:** 3.9x

Market Capitalization: \$46,919.1 **Ent. Value/EBITDA:** 17.4x

Ownership: Public (NASDAQ:ADP)

Location: Roseland, NJ

Leadership: Carlos Rodriguez, *CEO*
Jan Siegmund, *CFO*
Tom Perrotti, *President, Major Accounts*

Recent News: Don Weinstein, *CSO*

- **ADP integrates with LinkedIn - July 24, 2016** - ADP and LinkedIn have integrated their recruiting solutions. ADP is one of the first companies to become a Preferred Partner of LinkedIn Talent Solutions. ADP has integrated with LinkedIn's new middleware platform, which enables the LinkedIn Referrals product and new features in LinkedIn's flagship Recruiter product.
- **ADP launches its own big data analytics platform - May 12, 2016** - ADP announced its DataCloud analytics platform which leverages its aggregated and anonymous market metadata derived from the roughly 600,000 client businesses and 24 million US employees on ADP's payroll platforms.



Apex Payroll Software provides Human Capital Management software to payroll service bureaus to empower them to better serve the HR needs of small and medium businesses. Apex's suite of products and services allows service bureaus to process payroll, ensure tax compliance, workforce management and manage HR functions on behalf of their clients. The company's cloud-based technology allows its customers to effectively compete with larger firms while improving their workforce productivity.

Ownership: Serent Capital (Kevin Frick, Jon Cheek, Nick Long)

Location: Roswell, GA

Leadership: Stephen Gregg, *CEO*
Marty Hamby, *President*

Recent News:

- **Serent Capital invests in Apex Payroll Software - October 20, 2016** - Serent Capital has made an investment in Roswell, GA-based Apex Payroll Software. Apex Payroll provides its payroll and HR technology to more than 220 payroll service firms. CEO Stephen Gregg is founder and prior CEO of TimePlus Payroll.
- **Apex Payroll named to 2016 Inc. list of fastest growing companies - August 23, 2016** - Apex Payroll announced it was named to Inc. magazine's 34th annual list of the fastest-growing companies in America. This marks the third straight year Apex has been named to this exclusive list representing the most comprehensive look at the most important segment of the economy - America's entrepreneurs.

Select Payroll Profiles and News



Description: BenefitMall provides, payroll, human resources, employee benefits, and employer services for small and medium-sized businesses in the United States. The company provides medical, dental, life, disability, vision, and other insurance products for small groups, large groups, and individuals; and senior benefits and stop loss products. It offers online payroll services that enable users to manage payroll taxes and view payroll reports; payroll software; and specialty payroll services. BenefitMall acquired Compupay in May 2012.

Ownership: Austin Ventures (Joe Aragona), Morgan Stanley Expansion Fund, Technology Crossover Ventures

Location: Dallas, TX

Leadership: Bernard DiFiore, *CEO*
Stephanie Bowman, *CFO*
Scott Kirksey, *President*
Todd Waletzki, *COO*

Recent News:

- **BenefitMall introduces payroll integration with Employee Navigator - October 31, 2016** - BenefitMall announced a partnership with Employee Navigator that will provide brokers and clients with access to a streamlined data management resource for payroll and benefits administration.
- **BenefitMall announces Todd Slawter as Senior Vice President of benefit sales - October 26, 2016** - BenefitMall appointed Todd Slawter as SVP of benefit sales. In this role, Slawter will be working out of BenefitMall's headquarters and will be responsible for all insurance sales and service including group, self-funded, senior and individual in offices located in 11 states serving 32 markets.



Description: Ceridian Corporation provides outsourced payroll processing and employee benefits services in the United States, Canada, and the United Kingdom. Its human resource management solutions include payroll processing, tax filing, and other HR services; benefits administration services; and work-life and employee assistance programs. Ceridian was taken private in a \$5.3 billion transaction in November 2007. Ceridian acquired Dayforce in March of 2012; Dayforce's CEO David Ossip is Ceridian's CEO.

Ownership: Fidelity National Financial Ventures, Thomas H. Lee Partners and others

Location: Minneapolis, MN

Leadership: David Ossip, *CEO*
Arthur Gitajn, *CFO*
Paul Elliott, *COO*

Recent News:

- **Ceridian Unveils Dayforce Anywhere App - November 7, 2016** - Ceridian announced the release of Dayforce App, a Microsoft Outlook add-in that allows users to directly interact with HR, Payroll, Time & Attendance, Scheduling and Performance data from within Outlook.
- **Ceridian announces Dayforce onboarding - October 4, 2016** - Ceridian announced Dayforce Onboarding, a new solution for organizations to manage onboarding needs for new hires, promotions, and internal transboarding.

Select Payroll Profiles and News



Description: CheckPointHR, LLC, is a human resource services and technology company that provides HR management solutions, and employee benefits administration and payroll services for small to mid-sized companies in New Jersey, New York, Philadelphia, Connecticut, Delaware, and nationally. The company offers cloud-based HR spend optimization, a payroll solution and a cloud-based HRMS technology platform for various HR management needs.

Ownership: Edison Partners (Joe Allegra), MMV Financial

Location: Edison, NJ

Leadership: Tim Padua, *Co-Founder, President & CEO*
Michael Flannery, *COO*

Recent News:

- **CheckPointHR sponsors Garden State Council SHRM Annual Conference - September 22, 2016** - CheckPointHR, Inc. announced its Gold sponsorship of SHRM's 25th Anniversary GSC Annual Conference in Atlantic City. The conference is the largest HR professional development and networking event in New Jersey.
- **CheckPointHR selected as one of 20 most promising HR technology solution providers - July 6, 2016** - CheckPointHR, Inc. has been listed as one of the 20 Most Promising HR Technology Solution Providers 2016 by CIOReview. "CheckPointHR's proven track record of successful client deployments in the HR arena demonstrates its ability to deliver best-in-class technology that helps organizations control employee administration costs and streamline their HR, employee benefits and payroll processes," said Jeevan George, Managing Editor of CIOReview.



Description: iSystems, LLC, dba as Evolution, develops payroll, tax, and HR software for the payroll service bureau market and other financial services providers in the United States. The company offers payroll and tax management system to create limits on check amounts, hours paid, and total payroll liability; and HR software to track and report on vital employee personal information, performance reviews, benefits, skills, injury occurrences, and more.

Ownership: Silver Oak Services Partners (Daniel Gill)

Location: Burlington, VT

Leadership: Michael Trahan, *Founder*
Desiree Hanley-Trahan, *Founder*
Theodore Les, *CFO*

Recent News:

- **Evolution announces new integration and partnership with eBenefits network - October 24, 2016** - Evolution announced a new integration and partnership with its lead product Evolution HCM and eBenefits Network (eBN). This new integration allows Evolution HCM service providers to offer a cloud-base service that automates communication of employee benefit enrollment information for their customers and their insurance carriers.
- **Evolution HCM suite expands with EverythingBenefits - September 21, 2016** - EverythingBenefits is a leading provider of next-generation, end-to-end benefit technology solutions and services that help businesses of all sizes and their employees experience benefits in more meaningful ways. By leveraging an open business model, EverythingBenefits partners with more than 80 benefit brokers, independent agents, insurers, payroll or human capital management companies, and other providers.

Select Payroll Profiles and News



Description: Founded in 2011, Gusto operates an online platform that provides payroll, benefits, and compliance services. It offers health benefits and workers' compensation benefits that include medical insurance, commuter benefits, and 401(k) contributions, as well as workers' compensation insurance plans; time tracking and integration services; and access to employees for processing payroll. Gusto was part of Y Combinator's Winter 2012 batch and was formerly Zen Payroll.

Ownership: AF Square, Altimeter Capital, Designer Fund, Emergence Capital Partners, General Catalyst Partners, Glynn Capital Management, Google Capital, GV, Kleiner Perkins Caufield & Byers, Obvious Ventures, Pivot Investment Partners, Ribbit Capital, Slow Ventures

Capital Raised: \$157.0M (in 4 rounds from 17 investors) (December 2015 round valued at \$1.0B pre-money)

Location: Denver, CO

Leadership: Joshua Reeves, *CEO & Co-founder*
Edward Kim, *CTO & Co-founder*

Recent News: Tomer London, *CPO & Co-founder*

- **Gusto updates HR platform with payroll management, partner links - October 18, 2016** - Gusto released a set of 17 integrations that make it possible for third-party applications to integrate easier.
- **Gusto is increasing the base entry price of its payroll service for all existing customers - August 10, 2016** - Starting October Gusto will move all customers to the uniform pricing model that the company started rolling out in June. Gusto's monthly base price now starts at \$39 plus \$6 per person.



Description: Inova Payroll, Inc., a payroll service provider, provides payroll, human resource, tax filing, and related services for companies in the United States. It offers 401(k), Section 125, health insurance, workers compensation, time and attendance, background screening, COBRA administration, PayCards, and tax credits program services. The company's tax filing and reporting services include filing, reporting, and depositing of payroll taxes and returns. Its services also cover federal, state, and local jurisdictions; detailed pay period reports; quarterly and annual reporting; and W2s/1099s.

Ownership: Chattanooga Renaissance Fund, Nashville Capital Network

Location: Nashville, TN

Leadership: Farsheed Ferdowsi, *President & CEO*
Benjamin Todd, *CFO*

Recent News: Rick Henry, *COO/CTO*

- **Inova Payroll adds Lisa Laurer - October 26, 2016** - Inova Payroll announces the addition of Lisa Laurer to the company's client services team. As client services manager, Laurer will lead a group of specialists focused on customer service and client satisfaction for the Chattanooga location.
- **Inova Payroll adds cloud-based human capital management solution - October 10, 2016** - Inova Payroll has announced the addition of a human capital management (HCM) solution to serve large employers and their human resources departments by streamlining tasks related to all aspects of the employee life cycle.
- **Inova Payroll teams with TN Bank - June 2, 2016** - Inova Payroll announced a payroll/HR partnership with East Tennessee Bank.

Select Payroll Profiles and News



Description: Intuit Inc. provides business and financial management solutions for small businesses, consumers, and accounting professionals primarily in the United States and internationally. Intuit offers TurboTax, a consumer tax preparation application, the small business accounting program QuickBooks, professional tax solutions ProSeries and Lacerte, and multiple payroll products. Intuit acquired PayCycle in June 2009.

Financial Information (\$ in millions)

2016E Revenues: \$4,894.8	Ent. Value/Revenue: 6.6x
Market Capitalization: \$30,770.7	Ent. Value/EBITDA: 21.9x

Ownership: Public (NASDAQ:INTU)

Location: Mountain View, CA

Leadership: Brad Smith, *CEO and President*
Neil Williams, *CFO*

Recent News:

- **Intuit announces expanded security measures for taxpayers and tax professionals - November 3, 2016** - Intuit announced additional security measures for its consumer and professional tax software products. These measures build on safeguards enacted in prior years and reflect the company's continued role in supporting industry and government's collaborative efforts to fight fraud and help protect taxpayer information.
- **Intuit and PayPal partner - October 24, 2016** - Intuit and PayPal announced the expansion of their partnership, helping small businesses and the self-employed get paid faster.



Formerly Infinisource

Description: iSolved HCM is a provider of SaaS-based Human Capital Management technology solutions. iSolved is a comprehensive solution for HR, Payroll, Time and Attendance and Benefits Enrollment. iSolved Human Capital Management was designed for today's employer and includes features such as employee self-management, executive dashboard, and report writer.

Ownership: Accel-KKR (Dean Jacobson, Jason Klein)

Location: Charlotte, NC

Leadership: Dave Dawson, *CEO*
Justin Raniszweski, *CSO*
Shane Whittington, *CFO*

Recent News:

- **iSolved now has more than 15,000 organizations deploying its HCM platform in 2016 - November 9, 2016** - iSolved continues to quickly grow its user base, with more than 35,000 employers and two million employees. Within the first nine months of 2016, more than 15,000 organizations across the country have successfully implemented the iSolved technology.
- **Infinisource has spun off its HCM technology business unit as iSolved HCM - September 6, 2016** - Infinisource will continue as Infinisource Benefit Services and will focus primarily on administration of COBRA, FSA, HRA, ERISA, and additional associated services. iSolved HCM will move forward as a separate unit and concentrate on growing the market share for its human capital management technology.

Select Payroll Profiles and News



Description: Founded in 2012, Namely Inc. operates an online human resource software platform for small- and mid-sized organizations. The company offers an employee database with time-off tracking, reporting, employee profile, social news feed, payroll solutions and more. The Company reports having over 600 clients, 120,000 users and processing \$3 billion in annual payroll.

Ownership: Sequoia Capital, Matrix Partners, True Ventures, Lerer Hippeau Ventures, Vayner Media, Greenspring Associates, Four Rivers Group, Bullpen Capital

Capital Raised: \$107.8M

Location: New York, NY

Leadership: Matt Straz, *Founder and CEO*
Radhika Samant, *CFO*

Recent News: Teresa Dietrich, *CTO*

- **Namely and CallidusCloud's Litmos form strategic partnership - October 5, 2016** - The partnership will enable customers to deploy training out of Namely, consume the training in Litmos, and automatically update HR records in real time.
- **Namely expands partner ecosystem and deepens API with Namely Connect - September 28, 2016** - Namely announced enhancements to its open API and an expanded partner ecosystem as HR professionals demand integration of its core HR platform with a growing number of software applications. This has enabled Namely to add over 25 new partners in the last year including Bridge (learning management), Workable (applicant tracking), AnyPerk (employee perks) and OneLogin (single sign-on), among others.



Description: Netchex is a leading, web-based Human Capital Management platform offering single sign-on, integrated solutions for the complete employee lifecycle. Netchex's software features hiring, onboarding, payroll, human resources, time management, benefits and reporting tools to control labor costs and enhance the employee experience.

Ownership: Primus Capital (John Dick, Aaron Davis, Donald Taylor), First Analysis (Jim MacDonald)

Location: Mandeville, LA

Leadership: Will Boudreaux, *Founder & CEO*
Louis DuBuc, *CFO*

Recent News:

- **Netchex expanding Mandeville HQ, creating 240 jobs over 10 years - June 27, 2016** - Netchex said it will expand its Mandeville headquarters in a move that will create 240 new jobs over 10 years. Netchex currently has 86 employees in Mandeville, Louisiana.
- **Primus Capital invests in Netchex - March 22, 2016** - Primus Capital announced an investment in Mandeville, La.-based Netchex, a provider of cloud-based payroll, human resources and benefits software. Terms of the investment were not disclosed. "We are very excited about Netchex's continued growth prospects. As we conducted our due diligence, we were impressed by the business model, the market opportunity and breadth of the product offering, all of which position the company to grow at accelerated rates and build on its market position as an innovator," noted Aaron Davis, Principal of Primus. First Analysis (Jim MacDonald) also participated in the financing.

Select Payroll Profiles and News



Description: Founded in 1971 by Tom Golisano, Paychex, Inc. provides payroll, human resource, insurance, and benefits outsourcing solutions for small to medium-sized businesses in the United States and Germany. The company offers payroll processing services that include payroll tax administration services; employee payment services; and regulatory compliance services, such as new-hire reporting and garnishment processing. Paychex has more than 100 offices servicing over one million worksite employees. Paychex acquired SurePayroll in December 2010.

Financial Information (\$ in millions)

2016E Revenues: \$3,070.8 **Ent. Value/Revenue:** 7.1x
Market Capitalization: \$22,087.3 **Ent. Value/EBITDA:** 16.7x
Ownership: Public (NASDAQ:PAYX)
Location: Rochester, NY
Leadership: Martin Mucci, *President and CEO*
Efrain Rivera, *CFO*

Recent News:

- **Paychex wins Brandon Hall recognition for SMB workforce technology – December 22, 2016** – Paychex announced it had won the Brandon Hall bronze medal for the second year in a row. This excellence award recognized the company's Paychex Flex HCM Suite for "best advance" in HR workforce technology for SMBs.
- **Paychex offers increased analytics with Paychex Flex – October 5, 2016** – Paychex announced enhancements to its analytics offering, available through Paychex Flex. Paychex Flex is a full HCM suite that covers the employee life cycle from recruiting and onboarding to retirement, while streamlining workforce management through innovative technology and flexible choice of service.



Description: Paycom Software, Inc. provides cloud-based human capital management (HCM) software solutions delivered as Software-as-a-Service for small to mid-sized companies in the United States. It provides functionality and data analytics that businesses need to manage the complete employment life cycle from recruitment to retirement. Paycom went public in April 2014.

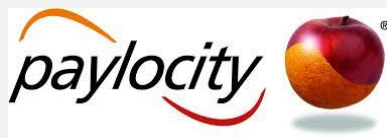
Financial Information (\$ in millions)

2016E Revenues: \$327.7 **Ent. Value/Revenue:** 8.6x
Market Capitalization: \$2,669.6 **Ent. Value/EBITDA:** N.M.
Ownership: Public (NYSE:PAYC)
Location: Oklahoma City, OK
Leadership: Chad Richison, *President and CEO*
Craig Boelte, *CFO*
Stacey Pezold, *COO*

Recent News:

- **Paycom included in Deloitte's 2016 "Technology Fast 500" growth firms – November 17, 2016** – Paycom announced it ranked #364 on Deloitte's list of the fastest growing technology related companies in North America. Paycom experienced 192% revenue growth during the time period considered.
- **Paycom announces stock repurchase plan – May 26, 2016** – Paycom announced that its Board of Directors has authorized a stock repurchase plan under which up to \$50,000,000 is available to purchase shares of Paycom's outstanding common stock over the next 24 months.

Select Payroll Profiles and News



Description: Paylocity Holding Corporation provides cloud-based payroll and human capital management (HCM) software solutions for medium-sized organizations in the United States. It offers enterprise-grade payroll processing and administration, employee record management, HR compliance and reporting and more. Paylocity went public in March 2014.

Financial Information (\$ in millions)

2016E Revenues: \$262.2 **Ent. Value/Revenue:** 5.8x

Market Capitalization: \$1,531.6 **Ent. Value/EBITDA:** N.M

Ownership: Public (NASDAQ:PCTY) – IPO Date: March 2014

Location: Arlington Heights, IL

Leadership: Steven Beauchamp, *CEO*
Peter McGrail, *CFO*

Recent News:

- **Ellen Carnahan to join Paylocity Board - November 9, 2016** – Paylocity has appointed Ellen Carnahan to its board of directors. Ms. Carnahan is a veteran technology investor, who is currently Principal of Machrie Enterprises and previously spent more than 18 years with William Blair Capital Management.
- **Paylocity to move headquarters - June 2, 2016** - Beginning in late 2016 and continuing through 2019, the Company will phase into approximately 309,000 square feet of office space at 1400 American Lane in Schaumburg, Ill. “This location will accommodate our rapid growth and emphasize our brand as a technology-driven organization,” said Steve Beauchamp, President and CEO.



Description: Sage Software, Inc. provides business management software and services. The company provides accounting, enterprise resource planning, human resource, payroll, asset management, and payment solutions for businesses. Sage acquired PayChoice Payroll in September 2014 for \$157.8 million.

Financial Information (\$ in millions)

2016E Revenues: \$1,935.3 **Ent. Value/Revenue:** 4.5x

Market Capitalization: \$8,760.9 **Ent. Value/EBITDA:** 15.8x

Ownership: Public (LSE:SGE)

Location: United Kingdom, U.S. Headquarters:
Lawrenceville, GA

Leadership: Stephen Kelly, *CEO*
Blair Crump, *President Sage*
Steve Hare, *CFO*
Robert Digby, *President PayChoice*

Recent News:

- **Sage integrates with Salesforce - October 6, 2016** - Sage has announced that Sage X3 cloud business management solution now links directly to Salesforce. This allows the companies' joint customers to access their customer data in the Salesforce Sales Cloud.
- **Sage partners with Apigee to provide payment API - September 27, 2016** – The Sage Payments Developer Portal is designed to bring Sage independent software vendors (ISVs) and different development partners together around, as the name implies, Sage's payment offerings.

Select Payroll Profiles and News



Description: Founded in 1990 by CEO Scott Scherr, Ultimate Software Group, Inc. provides cloud-based human capital management solutions primarily to enterprise companies in the United States. Its UltiPro software solution delivers functionality businesses need to manage the employee life cycle from recruitment to retirement. As of 2016, the company had approximately 3,400 customers.

Financial Information (\$ in millions)

2016E Revenues: \$780.8 **Ent. Value/Revenue:** 7.3x

Market Capitalization: \$5,516.6 **Ent. Value/EBITDA:** N.M

Ownership: Public (NASDAQ:ULTI)

Location: Weston, FL

Leadership: Scott Scherr, *CEO and President*
Mitchell Dauerman, *CFO*

Recent News:

- **Ultimate Software acquires Kanjoya – September 30, 2016** – Ultimate Software announced that it has acquired San Francisco-based technology company Kanjoya, Inc., a leading workforce intelligence and analytics platform for enterprises. Using the technology acquired through Kanjoya, Ultimate is launching UltiPro Perception to help companies collect, understand, and act on employee feedback.
- **Ultimate Software expands prescriptive analytics solution – June 14, 2016** – Ultimate Software demoed UltiPro's new Leadership Actions feature which provides managers with "quick, practical activities and advice on how to support retention and growth within their teams," said Cecile Alper-Leroux, VP of HCM Innovation.



Description: Valiant Solutions, Inc. is a leading provider of cloud-based payroll and HCM solutions. Valiant's HCM suite includes payroll, time & labor management and HR solutions. The company's solutions are specifically designed to meet the unique needs of companies with a large hourly workforce. Valiant has over 1,200 customers in all 50 states, the U.S. Virgin Islands, Puerto Rico and Canada.

Ownership: PeakEquity Partners (Greg Case, Paul Winn, Ric Andersen, D.J. Andrzejewski)

Location: Woodbury, NY

Leadership: Anthony Petraco, *CEO*
Donna Collins, *COO*
Joe D'Onofrio, *CRO*
Yussef Elsirgany, *CTO*

Recent News:

- **Valiant Solutions announces investment by PeakEquity – September 7, 2016** – Woodbury, NY-based Valiant Solutions announced that PeakEquity Partners (Radnor, PA) has invested in Valiant through a majority growth recapitalization. CEO Anthony Petraco stated "The investment will be used to accelerate growth and deliver state of art, innovative HCM Solutions to the marketplace."
- **Valiant adds to executive team – January 26 & 28, 2016** – Valiant solutions announced two additions to its leadership team. Payroll industry veterans, Donna Collins and Joe D'Onofrio have joined Valiant as COO and CRO, respectively.

Select Payroll Profiles and News



Description: Viventium Software, Inc. provides payroll and human resource solutions for small to mid-sized companies. It offers payroll services, such as payroll processing, payroll reporting, pay options, tax filling and more. The company serves the home health, nursing home, real estate, professional & financial services, restaurant, skilled labor and other industries.

Ownership: ABS Capital Partners (Cal Wheaton), Camden Partners (Shane Kim)

Location: Brooklyn, NY

Leadership: Gary Trainor, *CEO*
Brendan Dolan, *CFO*
Abe Kohn, *CTO*
Eli Kohn, *COO*

Recent News:

- **BDB Payroll rebranded "Viventium Software, Inc." - October 31, 2016** - BDB Payroll Services announced today that the company has rebranded to become Viventium Software, Inc. The company's press release noted "Inspired by the company's robust growth - the new name takes its root in a Latin word meaning *living*." Coinciding with the rebranding, the company has launched its new "end-to-end" HCM cloud-based software.



Description: Founded in 2013 by Parker Conrad, Zenefits offers cloud-based software as a service to companies for managing their human resources through a online dashboard. The company offers payroll, HR management, benefits, compliance and time tracking as well as many third party application integrations. The company has had a particular focus on helping SMBs with health insurance coverage.

Ownership: Andreessen Horowitz, Fidelity Investments, Insight Ventures, Khosla Ventures, Venrock, Comcast Ventures, EPIC Ventures, Founders Fund, Hydrazine Capital, Partners, Institutional Venture Partners, Maverick Capital, Panorama Point Partners, Sound Ventures, SV Angel, Titan Partners, TPG, Wefunder and Y Combinator

Capital Raised: \$583.6M

Location: San Francisco, CA

Leadership: David Sacks, *Chairman*
Mark Woolway, *(Interim CFO)*

Recent News: Laks Srin, *Co-Founder, CTO*

- **Zenefits extends its payroll service to Florida, Texas and Washington - December 6, 2016** - Zenefits today announced that its new homegrown payroll service is now available in three additional states: Florida, Texas and Washington. Payroll is part of the company's new Z2 product release. Previously Zenefits had partnered with ADP to deliver payroll before well reported disputes between the companies occurred.
- **Zenefits CEO David Sacks resigns - December 5, 2016** - The USA Today reported that Zenefits CEO David Sacks is stepping down amid speculation that he has been tapped by billionaire technology investor Peter Thiel to assist presidential-elect Donald Trump. Sacks indicated that he would become chairman of Zenefits and lead a search for a new CEO.

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Description: ADAM Human Capital Management is a single source solution for payroll, human resources software, services, and outsourcing in the Latin American region. ADAM operates in 30 countries across Central America, South America and the Caribbean. ADAM specializes in multinational deployments. It provides proprietary software built to accommodate the unique challenges of human capital management in Latin America. ADAM offers a stand-alone payroll and HCM solution as well as solutions integrated with region-wide deployments with SAP, PeopleSoft, and other ERP systems.

Ownership: Private

Location: Mexico City, Mexico and Dallas, TX

Leadership: Brian Beneke, *CEO*
Stephane Mathieu, *CTO*

Recent News:

- **ADAM expands payroll solution to 11 countries - September 15, 2016** - ADAM Human Capital Management announced an agreement to renew ADAM's Payroll On Demand for a Fortune 500 pharmaceutical company, expanding it from 3 countries to 11. This expansion adds approximately 4,000 employees to ADAM's cloud software solution.
- **ADAM awarded 20 country payroll outsourcing contract - July 29, 2016** - ADAM Human Capital Management today announces an agreement with a diversified industrial and consumer products company to provide consolidated outsourced payroll services based on its ADAM Payroll for nearly 15,000 employees in 20 countries throughout the Latin American and Caribbean regions.



Description: Celergo is a leading provider of Global Payroll Services, supporting companies with solutions to meet their global payroll requirements. These solutions enable organizations to apply better fiscal controls and obtain greater visibility of their global payroll processes. The company has built core expertise in managing some of the most complicated payrolls, in the most complex business environments around the world.

Ownership: Frontier Capital (Richard Maclean, Seth Harward)

Capital Raised: \$15.0M

Location: Deerfield, IL

Leadership: Timothy P. Callahan, *CEO*
Kim Stuart, *CFO*

Recent News: Michele Honomichl, *Founder & CSO*

- **Celergo announces new office relocation in Hungary - September 28, 2016** - Celergo announced the relocation of their Budapest office to accommodate current growth and future expansion plans. "This idyllic location on the Danube is the perfect place to continue our mission of achieving the simplest global payrolls and the happiest customers," said Tim Callahan, CEO of Celergo.
- **Celergo and iXerv announce global strategic partnership - July 28, 2016** - Celergo announced a partnership with iXerv, a global SAP SuccessFactors consulting partner. Through the partnership, the companies will offer services, support, payroll integration and technical expertise to SAP SuccessFactors Employee Central customers around the globe.

Select Global Payroll Profiles and News



Description: CloudPay Solutions Limited offers Software as a Service (SaaS) based payroll solutions. The company provides CloudPay, a global payroll platform. It also offers implementation, managed payroll, and support services. CloudPay Solutions Limited was formerly known as Patersons Payroll Solutions Limited and changed its name to CloudPay Solutions Limited in 2012.

Ownership: Rho Capital Partners (Joshua Ruch), Pinnacle Investment Partners

Capital Raised: \$52.5M

Location: New York, NY

Leadership: Paul Bartlett, *CEO*
John Leese, *CFO*
Brian Radin, *CRO*

Recent News:

- **CloudPay wins payroll software product of the year – November 15, 2016** – CloudPay announced that its cloud-based solution was named the Payroll Software Product of the Year at the 2016 Payroll World Awards. “We are honored to be recognized as a best-in-class global payroll solution” said Paul Bartlett, CEO of CloudPay.
- **CloudPay and OneSource Virtual announce global alliance – September 20, 2016** – CloudPay and OnSource Virtual (a Dallas-based workforce administration BPaaS provider) announced they will offer a Global Workforce Administration service, which will enable organizations to reduce the time, effort and costs of global HR and payroll administration.



Description: Integrated International Payroll (iiPay) provides cloud-based global payroll services. iiPay offers global payroll reporting and e-payslip services, payroll consultancy services, which include HCM to payroll integration; global payroll data mapping; and implementing payroll workflow for local and regional payroll functions. Founded in 2003, the company has implementations in over 120 countries for more than 270 businesses around the globe.

Ownership: MMC Ventures (Jon Coker), Teakwood Capital (Shawn Kelly)

Location: Cheltenham, UK and Dallas, TX

Leadership: Bob Foster, *CEO*
Tim Jakob, *CFO*
Curtis Holmes, *COO*

Recent News:

- **iiPay delivers first global gross-to-net payroll capabilities – October 13, 2016** – iiPay announced today global gross-to-net payroll capabilities as part of its cloud-based payroll services. “These capabilities offer multi-national customers a comprehensive view of payroll operations around the world, improved data reporting, analysis and greater accuracy and efficiency” the company noted.
- **Teakwood Capital invests in iiPay – March 1, 2016** – Dallas private equity firm Teakwood Capital announced it has made a growth capital investment in iiPay. Teakwood Executive Partner Ed Bowman will serve as a strategic advisor to iiPay.

Select Global Payroll Profiles and News



Description: Neeeyamo is a leading global HRO services and solutions provider. Neeeyamo, an SAP partner providing BPO services for SAP SuccessFactors solutions, offers implementation solutions, on-demand administration and extensions to customers' solutions using SAP HANA Cloud Platform. Neeeyamo also offers global payroll solutions in 125+ countries and background verification services in 198 countries.

Ownership: Private

Location: Chennai, India and Los Gatos, CA

Leadership: Ashok Bildikar, *CEO*
Vivek Khanna, *Chief Client Partner*

Recent News:

- **Neeeyamo Inc. and World First USA, Inc. partner – October 4, 2016** – Neeeyamo Inc has partnered with World First USA, Inc. (World First), a leading International Payments company, to deliver a cost-saving International Payments service to Neeeyamo's expanding global payroll customer base.
- **Neeeyamo Ranked as a “Leader” in NelsonHall’s NEAT on Cloud-Based HR Services for SuccessFactors – August 8, 2016** - Neeeyamo Inc has been ranked as a “Leader” in NelsonHall’s vendor evaluation & assessment tool (NEAT) on Cloud-Based HR Services specializing in SAP SuccessFactors. The Cloud-Based HR Services report evaluates HR service providers against many criteria, including investment in overall cloud HR services, market momentum, innovation of delivery, and extent of services commitment.



Description: NGA Human Resources, provides managed payroll and tax filing solutions to mid to large-sized companies. It helps organizations to transform their business-critical HR operations to deliver people-critical services. The company provides HR outsourcing, payroll outsourcing, platforms and tools, and HR consulting solutions. KKR acquired Northgate Information Systems for \$2.2B in March 2008; in May 2007, Northgate acquired Arinso HRO for \$514M.

Ownership: Kohlberg Kravis Roberts

Location: Hartfordshire, UK

Leadership: Adel Al-Saleh, *CEO*
Stuart Ross, *CFO*

Recent News:

- **NGA Human Resources unveils NGA cleaHRsky – October 25, 2016** – cleaHRsky is an end-to-end integrated HR-as-a-Service for core HR, payroll, talent and HR service delivery, built on SAP SuccessFactors cloud HCM software, NGA HR technology platforms, and NGA HR services with standardized, compliant HR processes and rapid solution activation.
- **NGA Human Resources and Kronos form Alliance – October 3, 2016** - NGA HR and Kronos announced a global alliance to deliver a new integrated cloud solution for payroll, time and attendance, and HR administration - NGA Time Powered by Kronos. The solution combines the global and local payroll, time expertise, and global delivery network of NGA Human Resources, with the engagement, cost control, productivity, and compliance capabilities of the Kronos Workforce Central suite.

Select Global Payroll Profiles and News



Description: Radius provides accounting, finance, banking, tax, human resources, legal and compliance services, as well as a cloud-based software platform that enables clients to manage their global operations. Radius delivers support and expertise through managed services, advisory services and OverseasConnect, its integrated cloud-based software platform. The company serves more than 650 clients in 110 countries. Radius was formed through the 2014 merger of Nair & Co. and High Street Partners.

Ownership: Baird Venture Partners (Benedict Rocchio), HgCapital (Martin Block, Matthew Rourke, Thorsten Toepfer)

Location: Boston, MA

Leadership: Stephen Chipman, *CEO*
Lynnet Conley, *CFO*
Alan Mathers, *COO*

Recent News:

- **Radius names John Connolly Chairman of the Board - June 15, 2016** - Radius has named John Connolly, former global chairman of Deloitte Touche Tohmatsu and CEO of the Deloitte UK Partnership, chairman of its board of directors.
- **Radius acquires Montage Services - June 8, 2016** - Radius has acquired San Francisco-based Montage Services, a rapidly growing tax and compliance advisory firm. Montage, whose clients include the London Stock Exchange, UniCredit, and Biz Apps, will bolster Radius' international tax advisory services.



Description: Founded in 1992, Ramco Systems operates as a diversified conglomerate and enterprise software company in India and internationally. Ramco HCM on Cloud is a global HR & talent management solution that addresses organizations' human capital need from hire to retire. Its platform includes core HR, time & attendance, payroll, talent management, recruitment and planning and analytics.

Ownership: Public (National Stock Exchange of India)

Location: Chennai, India

Leadership: P.R. Venketrama Raja, *Founder*
Virender Aggarwal, *CEO*
R. Ravi Kula Chandra, *CFO*
Ranjan Tayal, *CEO - HCM*

Recent News:

- **Ramco Systems signs deal with Panasonic Malaysia - January 4, 2017** - Panasonic Group of companies in Malaysia has signed a multi-million-dollar strategic deal with Ramco Systems to digitize and transform HR and Payroll operations for nearly 20,000 employees nationwide on a unified platform.
- **Ramco announces Oceana Headquarters in Melbourne - November 15, 2016** - Ramco's new Melbourne office will double as the Oceana headquarters due to growth in the Australian market. Virender Aggarwal, CEO, Ramco Systems said, "We entered Australia at an opportune time when businesses in the region were looking for alternate options to help them embrace the digital transformation wave."

Select Global Payroll Profiles and News



Description: SafeGuard World International Ltd. provides global human resources and payroll solutions to Fortune 500 and other businesses worldwide. The company offers managed payroll, employment outsourcing/contingent labor solutions, HR outsourcing/HRIS, professional services/HR consulting, as well as client service delivery to multinational and mid-market organizations in various industries, including technology, oil and gas, logistics, financial services, manufacturing, pharmaceuticals, non-profits, entertainment, and higher learning sectors.

Ownership: Cipio Partners, Harbert Management Corporation, MMC Ventures

Location: Austin, TX

Leadership: Bjorn Reynolds, *CEO*
Tony Lloyd, *CFO*

Recent News:

- **SafeGuard World International earns double recognition at Inaugural Global Payroll Awards – May 31, 2016** – SafeGuard World International landed two Global Payroll Awards – the Global Payroll Innovation Award and the Global Payroll Supplier of the Year – at this year's awards ceremony.
- **List recognizes SafeGuard World International's three-year sales growth of 106 percent – June 8, 2016** – Inc. magazine named SafeGuard World International to the annual Inc. 5000 list. SafeGuard World earned a coveted spot on the nation's fastest-growing private companies list thanks to its 106 percent sales growth over the three-year evaluation period.



Description: Founded in 1988, TMF Group Holding is a multinational professional services firm. The company provides specialized and business-critical financial, legal, and human resource (HR) administrative services in the Americas, the Asia Pacific, Europe, Africa, and the Middle East. It operates through two segments: Global Business Services and Trust & Corporate Services. It offers financial, legal, and HR outsourcing services, supporting corporate operational, holding, and finance entities; and accounting and tax, HR and payroll, and corporate secretarial services. TMF Group employs 5,500 employees and has 100 offices worldwide.

Ownership: Doughty Hanson & Co, Graphite Capital Management, Intermediate Capital Group, Pantheon Ventures

Location: Amsterdam, Netherlands

Leadership: Frederik Van Tuyll Van Serooskerken, *CEO*
Gordon Stuart, *CFO*

Recent News:

- **TMF Group identified as a leader in the multi-country payroll focus market segment – August 11, 2016** – Leading BPO analyst firm NelsonHall, has identified TMF Group as a leader in the multi-country focus market segment; reflecting TMF Group's ability to meet future client requirements and deliver immediate benefits with a focus on multi-country delivery capability.

Select Payroll M&A Transactions

Select Recent Payroll M&A Transactions

Date	Buyer/ Investor	Target/ Issuer	Transaction Details			Business Description
			Size (\$ in mm)	Revenue Multiple	EBITDA Multiple	
Nov-16	WageWorks, Inc.	ADP CHSA And COBRA Businesses	235.0	-	-	- ADP's Consumer Health Spending Account and COBRA businesses which have approximately 10,000 employer clients in the United States.
Oct-16	Deluxe Corporation	Payce, Inc.	-	-	-	- Payce, Inc. provides payroll and tax filing services to hospitality, contractor and builder, retail, healthcare, and financial services sectors primarily in the Mid-Atlantic region.
Oct-16	Kronos Incorporated	Datamatics Management Services, Inc.	-	-	-	- Datamatics Management Services, Inc. develops automated time and attendance, human resource, and payroll solutions.
Oct-16	Serent Capital	Apex Payroll	-	-	-	- Apex Payroll Software is a cloud-based payroll and HR technology provider. Apex offers a comprehensive suite of products and services including payroll, payroll tax, human resources, time and attendance, and more.
Sep-16	The Ultimate Software Group, Inc.	Kanjoya, Inc.	-	-	-	- Kanjoya, Inc. operates a workforce intelligence and management platform for enterprise companies.
Sep-16	Permira Advisers Ltd.; Permira V	P&I Personal & Informatik Aktiengesellschaft	-	-	-	- P&I Personal & Informatik Aktiengesellschaft provides integrated software solutions for payroll, time management, and human resources (HR) management in Europe.
Sep-16	Peak Equity Partners	Valiant Solutions, Inc.	-	-	-	- Valiant Solutions, Inc. provides cloud-based payroll and human capital management (HCM) solutions, including applicant tracking, human resources, payroll, time and labor management, communication center, employee self-service and more.
Aug-16	Specialist Computer Services Limited	Pyramid Human Resources Limited	-	-	-	- Pyramid Human Resources Limited provides payroll, human resources, time and attendance, expenses, and vehicle management applications.
Aug-16	Dominion Payroll Services Tennessee, LLC	Avintus Employer Services	-	-	-	- Avintus Employer Services provides human resource (HR) and payroll solutions in the United States.
Jul-16	Access Capital Partners; Tenzing Private Equity	Bond HR and Payroll Software Limited and Bond Payroll Services Ltd and Eurowage Ltd	29.4	2.5x	-	- Bond HR & Payroll Software Limited develops and offers human resource (HR) and payroll software solutions.
Jul-16	Workday, Inc.	Platfora, Inc.	-	-	-	- Platfora, Inc. is a big data platform the enables organizations to analyze their data, such as transactions, customer interactions, and machine data.
Jun-16	Cast & Crew Payroll, LLC	Talent Acquisitions, LLC (Caps Payroll)	-	-	-	- Talent Acquisitions, LLC, doing business as Caps Payroll, provides entertainment payroll services for the television/film, touring music, venues, festivals/live events, and commercial industries in the United States.

Select Recent Payroll M&A Transactions

Date	Buyer/ Investor	Target/ Issuer	Transaction Details			Business Description
			Size (\$ in mm)	Revenue Multiple	EBITDA Multiple	
Jun-16	SD Worx VZW	Ceridian UK Limited and Ceridian Ireland	-	-	-	Ceridian UK Limited provides HR software, outsourced transactional HR services, and HR consultancy services to businesses in the United Kingdom. Ceridian Ireland provides payroll outsourcing services.
Jun-16	Trapeze ITS Luxembourg SARL	Bond International Software plc	38.5	-	NM	Bond International Software plc provides Recruitment Software, HR and Payroll Software, and Outsourcing segments.
Jun-16	CBIZ, Inc.	Flex-Pay Business Services, Inc.	-	-	-	Flex-Pay Business Services, Inc. operates as a payroll service company in the United States.
May-16	HR Knowledge, Inc.	Resource Navigation Inc.	-	-	-	Resource Navigation Inc. provides payroll and HR solutions and services to small to mid-sized companies.
May-16	USA Payroll Inc.	Driven HR LLC (nka:Driven HR, a USA Payroll company)	-	-	-	Driven HR, a USA Payroll company provides human resource (HR) consulting and regulatory compliance services. The company is based in Fairport, New York.
May-16	The Ultimate Software Group, Inc.	Vestrics, Inc.	10.1	-	-	Vestrics, Inc. provides human capital analytics insight and technology solutions to help companies make better decisions.
May-16	TMF Group Holding B.V.	UCMS Group EMEA Ltd.	15.7	-	-	UCMS Group EMEA Ltd. provides payroll, human resource (HR) administration, and accounting services for multinational and global corporations, as well as mid-sized and large local companies.
Mar-16	Asure Software, Inc.	Mangrove Software, Inc.	18.4	-	-	Mangrove Software, Inc. provides Software as a Service based human capital management applications and benefits administration services for mid-market and enterprise organizations in the United States.
Mar-16	First Analysis Corporation; Primus Capital	Netchex	-	-	-	Netchex offers a SaaS-based solution including robust tools for recruiting top talent, paperless onboarding, labor cost tracking and seamless management of benefits, in addition to base payroll and tax.
Mar-16	Primus Capital, First Analysis Corporation	Justworks, Inc.	33.0	-	-	Justworks, Inc. provides services related to benefits, payroll and payments, and compliance for startup businesses.
Mar-16	Teakwood Capital, L.P.	iiPay Ltd.	-	-	-	iiPay Ltd. provides cloud-based payroll services for customers in the United States and internationally.
Feb-16	JetPay Corporation	CollectorSolutions, Inc.	9.9	0.6x	7.7x	CollectorSolutions, Inc. provides credit and debit card processing, and electronic check payment solutions for state agencies, counties, cities, tax collectors, and utilities in the United States.

Select Recent Payroll M&A Transactions

Date	Buyer / Investor	Target / Issuer	Transaction Details			Business Description
			Size (\$ in mm)	Revenue Multiple	EBITDA Multiple	
Feb-16	JetPay Corporation	CollectorSolutions, Inc.	9.9	0.6x	7.7x	CollectorSolutions, Inc. provides credit and debit card processing, and electronic check payment solutions for state agencies, counties, cities, tax collectors, and utilities in the United States.
Feb-16	Matrix Partners; Sequoia Capital; Greenspring Associates, Inc.; True Ventures; The Four Rivers Group	Namely Inc.	30.0	-	-	New York, NY-based, Namely Inc. owns and operates an online human resource payroll and benefits software platform. The \$45 million Series C financing was led by Sequoia Capital.
Feb-16	Plug and Play Tech Center	DoubleNet Pay, Inc.	-	-	-	DoubleNet Pay, Inc. provides an application software that integrates with employer payroll providers to pay employees' bills and fund savings plans.
Jan-16	TechStars, LLC; Force Over Mass Capital LLP	doPay International Holdings BV	2.4	-	-	doPay International Holdings BV offers payroll outsourcing services and payment services through its online platform.
Jan-16	JMI Equity; JMI Services Inc.	CoreHR Limited	-	-	-	CoreHR Limited develops and distributes cloud-based human resource (HR) and payroll software.
Jan-16	Kronos Incorporated	Empower Software Solutions, Inc.	-	-	-	Empower Software Solutions, Inc. provides human resource and workforce management software solutions for small and medium businesses to Fortune 500 companies.
Dec-15	Paychex, Inc.	Advance Partners	308.9	-	-	Advance Partners provides integrated services to support small and growing temporary staffing firms.
Dec-15	Paycor, Inc.	Newton Software, Inc.	-	-	-	Newton Software, Inc. develops cloud-based applicant tracking system for small and medium-sized employers.
Sep-15	Boulder Ventures; Grayhawk Capital, LLC; New Enterprise Associates; EPIC Ventures	SynchSource, Inc.	17.5	-	-	SynchSource, Inc., doing business as SynchHR Inc., provides cloud-based human capital management solutions that include integrated human resource, benefits, and payroll software.
Sep-15	Marlin Equity Partners, LLC	Bluegarden Holding A/S	-	-	-	Bluegarden Holding A/S provides payroll and human resources (HR) administration services in the Scandinavian region.

Select Historic Payroll Transactions

Date	Buyer / Investor	Target / Issuer	Transaction Details			Business Description
			Size (\$ in mm)	Revenue Multiple	EBITDA Multiple	
Jun-15	Sequoia Capital; Matrix Partners; Greenspring Associates, Inc; True Ventures; Lerer Hippeau Ventures	Namely Inc.	45.0	–	–	New York, NY-based, Namely Inc. owns and operates an online human resource payroll and benefits software platform. The \$45 million Series C financing was led by Sequoia Capital.
Jun-15	Extreme Reach Inc.	Talent Partners Inc.	–	–	–	Talent Partners Inc. provides talent and production support services. It offers services in the areas of talent and business affairs, payroll, managment services, etc.
Jun-15	Google Capital; Kleiner Perkins Caufield & Byers; General Catalyst Partners; Emergence Capital Partners; Google Ventures; Ribbit Capital	ZenPayroll, Inc. (formerly Switchboard.com)	60.0	–	–	ZenPayroll Inc. (formerly Switchboard.com) provides a a Saas-based payroll solution for small and mid-sized businesses. The Company raised a \$60 million Series B financing led by Google Capital at a \$500 million pre-money valuation. ZenPayroll's CEO and Co-founder is Joshua Reeves.
Jun-15	Frontier Capital LLC	Electronic Commerce Inc. (Empower Payroll & HRIS)	40.0	–	–	Electronic Commerce Inc. offers a cloud-based, payroll and HRIS platform (Empower) focused on mid-sized companies. ECI is led by CEO Jeff Lacy. ECI marks Frontier Capital's fifth recent investment in the HCM space.
Jun-15	MYOB Finance NZ Limited	ACE Payroll Plus Limited	10.0	–	–	New Zealand based Ace Payroll Plus Limited provides payroll solutions for small and medium enterprises.
Jun-15	MYOB Finance NZ Limited	ACE Payroll Plus Limited	10.0	–	–	New Zealand based Ace Payroll Plus Limited provides payroll solutions for small and medium enterprises.
May-15	Fidelity Management and Research Company; TPG; Insight Venture Partners; Founders Fund; Khosla Ventures	Zenefits (YourPeople, Inc.)	512.6	–	–	Zenefits, a provider of online payroll, benefits and HR software for small and mid-sized companies, completed its Series C financing. The company's reported post-money valuation was \$4.5 billion.
Apr-15	TechStarts LLC; ACE & Company Development Group Ltd.	doPay International Holdings BV	2.0	–	–	doPay International Holdings BV offers payroll outsourcing services and payment services through its online platofrm.
Mar-15	Matrix Partners; True Ventures; Lerer Hippeau Ventures; Greenspring Global Partners	Namely	11.0	–	–	New York, NY-based, Namely is an end-to-end HR Saas payroll and benefits platform provider for mid-sized and growing companies. The round was led by Matrix Partners.
Mar-15	Heartland Payment Systems	Payroll 1, Inc.	–	–	–	Birmingham, Michigan-based Payroll 1 Inc. provides payroll processing and tax filing services for employers in the United States.

Select Historic Payroll Transactions

Date	Buyer / Investor	Target / Issuer	Transaction Details			Business Description
			Size (\$ in mm)	Revenue Multiple	EBITDA Multiple	
Feb-15	Sterling National Bank	Damian Services Corporation	84.8	—	—	Damian Services Corporation provides payroll funding and back office solutions for temporary staffing firms including daily and weekly payroll funding. The company also offers back office services such as payroll and payroll tax processing and credit and receivables.
Feb-15	Merich Capital; NEA; Storm Ventures; IDG Ventures (Series C)	GuideSpark, Inc.	22.2	—	—	Palo Alto, CA-based, GuideSpark provides customized videos for employee communications on all HR topics including a focus on benefits and open enrollment communication and onboarding. It's CEO is Keith Kitani.
Feb-15	Mercer LLC	Benefitfocus, Inc.	90.1	6.6x	—	Charleston, SC-based Benefitfocus is a leading provider of benefits technology. The company's BENEFITFOCUS platform provides employers, insurance carriers and consumers with cloud-based technology to shop, enroll, manage and exchange benefits information. Mercer acquired a 9.9% stake in Benefitfocus.
Feb-15	Serent Capital	Icon Professional Services	—	—	—	Icon Professional Services provides SaaS contractor workforce solutions including 1099/independent contractor compliance, agent of record for independent contractors, and professional payroll services.
Feb-15	Everstone Capital Management	Asia/Pacific Payroll Business of Aon Hewitt	60.0	NM	NM	The Asia/Pacific Payroll Business of Aon Hewitt provides payroll processing solutions.
Jan-15	Intuit Inc.	Acrede HR and Payroll Solutions	—	—	—	Acrede HR and Payroll Solutions provides cloud based HR and payroll solutions.
Dec-14	Catalyst Investors	Ascentis Corporation	7.0	—	—	Ascentis Corporation provides HR management software and online payroll processing services.
Nov-14	Aetna Inc.	bswift, LLC	400.0	—	—	bswift, LLC offers software and services that streamline benefits, HR, and payroll administration for employers, brokers, and public and private exchanges in the United States.
Nov-14	Matrix Partners; True Ventures; Lerer Hippeau Ventures; Bullpen Capital	Namely Inc.	12.0	—	—	Namely is an end-to-end HR payroll, and benefits platform provider for growing companies.
Oct-14	Sage Software Inc.	PAI Group, Inc.	157.8	4.1x	—	Moorestown, New Jersey-based PAI Group, Inc. offers payroll, HR, tax filing and time and attendance keeping software and services to business enterprises.
Oct-14	dMACQ Software Pvt Ltd.	Aspire IT Services Pvt. Ltd.	—	—	—	Aspire IT Services offers quality management and payroll ERP solutions to enterprises.
Aug-14	Intuit Inc.	K.D.K. Softwares (India) Pvt. Ltd.	—	—	—	Jaipur, India-based K.D.K. Softwares Pvt., a software development company, provides professional tax computation and E-filing solutions in desktop and cloud models to tax professionals and small and medium corporations in India.

Select Historic Payroll Transactions

Date	Buyer / Investor	Target / Issuer	Transaction Details			Business Description
			Size (\$ in mm)	Revenue Multiple	EBITDA Multiple	
Aug-14	Intuit Inc.	PaySuite Limited	–	–	–	PaySuite Limited develops a cloud and browser-based payroll software solution for small-medium businesses, and accountants and bookkeepers in the United Kingdom.
Jun-14	Raymond James & Associates	Paycor Inc.	110.0	–	–	Paycor Inc. provides cloud-based HR, payroll, and timekeeping software.
Jun-14	Paychex, Inc.	NETtime Solutions LLC	–	–	–	NETtime Solutions LLC is a leading cloud-based time and attendance solutions provider.
May-14	Bond International Software plc	Eurowage Limited	22.7	5.8x	–	Eurowage Limited, doing business as FMP Europe, provides international payroll and HR services to organizations expanding into new countries.
Apr-14	Silver Oak Sesrvices Partners, LLC	iSystems, LLC	–	–	–	iSystems LLC is a Software as a Service provider of payroll, tax and HR management software for service bureaus.
Apr-14	Radius	High Street Partners, Inc.	–	–	–	High Street Partners, Inc. provides international business consulting services.
Apr-14	Flexpoint Ford, LLC	JetPay Corporation	11.4	–	–	JetPay Corporation provides debit and credit card processing, payroll, and card services to businesses and their employees in the United States. The company operates through two segments, JetPay Payment Processing and JetPay Payroll.
Apr-14	Great Hill Partners, LLC	bswift, LLC	51.0	–	–	bswift, LLC offers software and services that streamline benefits, HR, and payroll administration for employers, brokers, and public and private exchanges in the United States.
Mar-14	Morneau Shepell Inc.	Groupe AST	28.9	1.6x	–	Groupe AST provides HR, occupational health and safety, and time management solutions for employers in Canada.
Feb-14	General Catalyst Patners, Kleiner Perkins Caufield & Byers;	Zenpayroll (formerly Switchboard Labs, Inc.)	20.0	–	–	Zenefits.com (formerly Switchboard Labs, Inc.) provides a Saas-based payroll management and benefits platform targeted to mid-sized companies. News reports indicated ther pre-money Series A valuation was "\$100 million plus." The Company previously raised \$6.1 million from investors including Salesforce, Box CEO Aaron Levie, Data Collective, Dropbox CEO Drew Houston and Google Ventures.
Jan-14	Venrock; Maverick Capital, Ltd.; Andreessen Horowitz LLC	Zenefits Insurance Services	15.0	–	–	Zenefits Insurance Services provides payroll and benefits management, human resource, and insurance brokerage services.
Dec-13	Abel HR	The PSP Group Inc.	–	–	–	The PSP Group, Inc. provides payroll, human resource and employee benefits solutions.

Select Historic Payroll Transactions

Date	Buyer / Investor	Target / Issuer	Transaction Details			Business Description
			Size (\$ in mm)	Revenue Multiple	EBITDA Multiple	
Jun-13	Automatic Data Processing, Inc.	PayRoll S.A.	–	–	–	Latin America-based, PayRoll S.A., provides outsourcing service relating to the human resource industry.
Jun-13	True Ventures, Lerer Ventures, Bullpen Capital and individuals	Namely	3.4	–	–	New York, Ny-based Namely, a provider of Saas payroll and benefits solutions to mid-sized companies announded its \$3.35 million Series A financing round. The round was led by True Ventures out of San Francisco.
Jun-13	JAFCO Co., Ltd.	Payroll Inc.	60.0	–	–	Payroll Inc. provides payroll outsourcing services.
May-13	Paychex, Inc.	HR Services, Inc.	–	–	–	HR Services, Inc. provides human resources technology solutions in the United States.
Apr-13	Sopra Steria Group	HR Access Solutions Spain S.L.	–	–	–	HR Access Solutions Spain provides human resource and payroll solutions worldwide. It offers outsourcing and enterprise software solutions that provide talent management, time and attendance management, payroll and benefits services, tax accountability, and payroll engine and rules configuration systems.
Feb-13	500 Startups	PayrollHero.com	1.0	–	–	PayrollHero.com PTE. LTD. develops and sells PayrollHero, a cloud-based time, attendance, scheduling, and payroll app for Web and mobile applications.
Dec-12	WageWorks Inc.	Benefit Concepts, Inc.	28.8	–	–	Benefit Concepts, Inc. is a leading provider of outsourced benefit solutions.
Dec-12	Heartland Payment Systems, Inc.	Ovation Payroll Inc.	44.0	–	–	Ovation Payroll Inc. provides payroll solutions for businesses in the United States.
Dec-12	Infinisource, Inc.	Qquest Software Systems, Inc.	–	–	–	Qquest Software Systems provides workforce and workplace solutions including time and attendance and payroll.
Dec-12	Catalyst Investors	Ascentis Corporation	–	–	–	Ascentis Corporation provides human resources management software and online payroll processing services.
Dec-12	Paychex, Inc.	Expensewire LLC	–	–	–	Expensewire LLC provides Software-as-a-Service expense management solutions.
Nov-12	Insperty, Inc.	Sage Software, Inc., Sage TimeSheet Solution	–	–	–	Sage TimeSheet provides all the toools needed to accurately collect project time and expense data, track actual costs against a budget and generate more accurate time-to-completion estimates.

Select Historic Payroll Transactions

Date	Buyer / Investor	Target / Issuer	Transaction Details			Business Description
			Size (\$ in mm)	Revenue Multiple	EBITDA Multiple	
Oct-12	TriNet Group, Inc.	Strategic Outsourcing, Inc.	196.0	–	–	Strategic Outsourcing, Inc. provides free assessment, payroll administration, workers' compensation management and other employment services.
Oct-12	State Bank and Trust Company	Altera Payroll Inc.	–	–	–	Macon, Georgia-based Altera Payroll Inc. provides payroll and human resource management solutions for companies in the United States.
Aug-12	Allegis Group, Inc.	Talent2 International Ltd.	125.5	NM	7.2x	Talent2 International Limited provides human resource advisory, payroll, recruitment and learning services.
Jul-12	Today's Payroll Solutions	Arcturus HR LLC	–	–	–	Louisville, Kentucky-based Arcturus HR provides human resource management and payroll processing solutions.
May-12	BenefitMall	CompuPay	–	–	–	CompuPay Inc. provides payroll services. The company's services include payroll processing, tax services, 401(k), employee background screening, direct deposit, HR software, workers compensation and cash pay debit card.
Aug-11	CVC Capital Partners Limited	Raet B.V.	575.9	–	–	Amersfoot, Netherlands-based Raet B.V. develops cloud based human resources and payroll services software. It provides Raet Online, a SaaS solutions which include personnel administration, payrolling, tax and pension fund integration, absence management, and competence management.
Aug-11	Baird Venture Partners, Sigma Partners	High Street Partners, Inc.	6.3	–	–	High Street Partners, Inc. provides international business consulting services.
Jul-11	Chattanooga Renaissance Fund, Nashville Capital Network, NCN Angel Fund	Inova Payroll, Inc.	1.0	–	–	Inova Payroll, Inc. is a payroll service provider that offers payroll, human resources, tax filing and related services.
Mar-11	Golden Gate Capital	Lawson Software, Inc. (Infor)	1,780.0	2.4x	13.4x	Lawson Software, Inc. is a provider of enterprise resource planning software and solutions.
Dec-10	Paychex, Inc.	SurePayroll, Inc.	115.0	5.0x	–	SurePayroll, inc. provides online payroll, retirement, health insurance and human resource services for small businesses.
Dec-09	ADP Network Services Limited	OneClickHR	25.0	2.5x	–	OneClickHR engages in the design, production, marketing and sale of HR software and related services.
Jun-09	Intuit Inc. (NasdaqGS:INTU)	PayCycle, Inc.	169.0	–	–	PayCycle, Inc. provides online payroll services to small businesses.

Select Historic Payroll Transactions

Date	Buyer / Investor	Target / Issuer	Transaction Details			Business Description
			Size (\$ in mm)	Revenue Multiple	EBITDA Multiple	
Nov-05	TALX Corporation	Employers Unity	30.0	2.1x	–	Employers Unity provides unemployment tax management services.
Jun-03	Hewitt Associates Inc.	Cyborg Worldwide Inc.	43.0	1.1x	–	Chicago-based Cyborg Worldwide is a global provider of HR management software and payroll services.
Apr-03	Paychex Inc.	InterPay Inc.	182.0	3.6x	–	InterPay Inc. is a national payroll and human resource administrative services provider.
Jan-03	ADP Corporation	ProBusiness Servicees	441.0	2.6x	–	ProBusiness Services provides payroll, payroll tax, human resources and benefits administration services.
Sep-02	Paychex Inc.	Advantage Payroll	143.0	2.2x	NM	Advantage Payroll Services, Inc. provides payroll processing, tax filing, and human resources management services to small- to medium-sized businesses and accounting professionals in the United States.

Notes & Disclosures

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Financial Terminology

- EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization
- EPS: Earnings Per Share
- LTM: Last Twelve Months
- NA: Not Applicable
- NM: Not Meaningful
- PE: Price to Earnings Multiple
- Enterprise Value: Market value of equity plus total debt (including capitalized leases) plus preferred stock at book value minus cash and short-term investments.

Disclosures

The financial data and other information in DSP's Human Capital Special Payroll Update is derived from Capital IQ, company SEC filings and news releases and other news sources. We believe the information obtained from these sources is reliable, but we do not guarantee that the information herein is accurate or complete. This material was prepared by Delancey Street Partners, LLC and is for informational purposes only. This material is not a research report and should not be interpreted as such, or used in any way as the basis for making investment decisions of any kind. This report shall not constitute an offer to sell or the solicitation of any offer to buy any of the securities mentioned herein; past performance does not guarantee future results. Any performance mentioned does not include transaction fees and costs which would reduce an investor's return.

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About Delancey Street Partners & Delancey Street Capital Partners

About Delancey Street Partners & Delancey Street Capital Partners

ABOUT DELANCEY STREET PARTNERS

Delancey Street Partners is an independent, industry-focused investment bank. We serve CEOs, Entrepreneurs, Shareholders and Boards of Directors of high growth and middle market private and public companies. Our services include strategic advisory, capital raising and independent board advice. We advise on sell-side and buy-side M&A, growth capital, recapitalizations and strategic evaluations. Our focus sectors include Business & Technology Services, Healthcare Services, Industrial & Industrial Technology and Consumer. We form long-term partnerships with our clients and each engagement is managed by senior professionals with years of industry experience.

ABOUT DELANCEY STREET CAPITAL PARTNERS

Through Delancey Street Capital Partners, our merchant banking group, we contribute to, and align ourselves with, our client’s success. We complement our advisory expertise with principal investing experience within industry sectors we know and understand extremely well. We provide growth capital to partner clients and manage broader strategic fund-raising initiatives as well as provide additional strategic advisory services at critical inflection points for our clients.

CAPABILITIES

Provide investment and merchant banking services to high growth and middle market public and private companies within focused industry sectors

Investment Banking

- Sell-Side & Buy-Side M&A
- Growth & Expansion Capital
- Recapitalizations
- Strategic Evaluations
- Fairness Opinions

Merchant Banking

- Partnering with our clients to achieve long-term objectives
- DSCP proprietary capital
- Focused capital raises
- Strategic advisor to management and board

BUSINESS, TECHNOLOGY & HEALTHCARE SERVICES

- Human Capital Services
- Business Services
- Healthcare Services
- Technology & Software
- Financial Technology & Payments
- Marketing Services
- Education
- IT Services

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