

Needham & Company, LLC

HCM Market Update

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Recent HCM Marketplace Activity

September: BrightPay raises private round

- Terms undisclosed
- Payroll provider to SMBs in UK Ireland



Recent HCM Marketplace Activity

October: Pymetrics raises \$40mm

- **Game based Recruiting Tool**
 - **Salesforce Ventures and Workday Ventures**



Recent HCM Marketplace Activity

October: NeoGov Acquires HighLine Corp

- Terms undisclosed
- Canadian-based Payroll/HCM vendor



Recent HCM Marketplace Activity

October: Saba acquires Lumesse

- Expands Saba's European reach
- Enhance Saba's Talent Acquisition platform
- Vector putting together a roll-up
 - Previously acquired Halogen
- My take:
 - Financially driven acquisition
 - Innovation and Integration are Key



Recent HCM Marketplace Activity

October: ZipRecruiter Raises \$156mm

- AI Development



Morphing From Private Company To Public

Legal Focus

- Select IPO company counsel
- Select IPO auditor
- Clean up capital structure
- Begin drafting registration statement
- Set up virtual due diligence data room
- Consider board and committee(s) composition
- Conduct material contracts / confidentiality analysis
- Conduct consents / waivers analysis
- Company website cleanup

- Formal registration statement drafting
- Complete audit
- Due Diligence (i.e. legal, IP, regulatory, tax)
- Negotiate UA, legal opinions, comfort letter
- Lock-up collection

- Receive and respond to SEC comments
- Timing for SEC comments
 - Initial filing: ~28 - 30 days
 - Subsequent filings: Up to 2 weeks
- Cheap stock letter

- Preparation for pricing
- Coordinate SEC and stock exchange matters

- Quarterly earnings and financial reporting

Pre-Registration (4 Months)

Drafting (1+ Month)

SEC Review (2 Months)

Roadshow (~10 Days)

Public Company

Confidential Registration Statement Filing

Public Registration Statement Filing

Closing

- Funding
- Legal opinions delivered
- Closing certificates delivered
- Bring-down comfort letter delivered

30+ TTW Meetings

50+ Investor Meetings

15 day waiting period

T+3 Closing

30 day shoe exercise period

Organizational Meeting

- Official “kick-off” of process
- Key players: Company, Bankers, Company Counsel, Underwriters’ Counsel, Auditors
- Communications restrictions

Launch

- Print preliminary prospectus
- Finalize roadshow

Pricing

- Sign UW agreement
- Deliver comfort letter
- Pricing press release

Investment Bank Focus

- Syndicate structure
- Investment Bank selection
 - Banking capabilities
 - Capital markets
 - Research capabilities
- Existing investor interest / support
- Pre-TTW meetings
- Develop target IPO schedule

- Formal registration statement drafting
- Insider interest discussions
- Due Diligence (i.e., business, financial, auditor)
- Develop analyst day and TTW meeting slides

- Conduct TTW meetings
- Collect investor feedback
- Collect preliminary indications of interest
- Advance insider participation discussions
- Advance and finalize IPO size / valuation
- Share split

- (Generally) launch Monday, price next Tuesday / Wednesday
- Book-building, collection of investor feedback
- Pricing discussions / call with committee
- Allocations to new and existing shareholders

- Non-deal roadshows
- Investor conferences
- Quarterly conference calls



Morphing From Private Company To Public

Are there differences between private and public companies?

Public Company Benefits

- **Vendor Viability**
 - **Financial Performance Known**
- **General Corporate Strategy Well Known**
- **Greater Access To Capital**

Private Company Benefits

- **Makes changes w/o public scrutiny**
 - **Ceridian Great Example**
- **Afford not to be short-sighted**

Morphing From Private Company To Public

Are there differences between private and public companies?

Public Company Challenges

- Execution well know
- Changes while public can be brutal
- Perception that share price equals performance

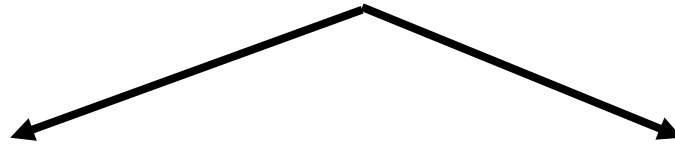
Private Company Challenges

- Vendor Viability
- Capital More Difficult to Attain

Morphing From Private Company To Public

Better Question

Who owns the private company?

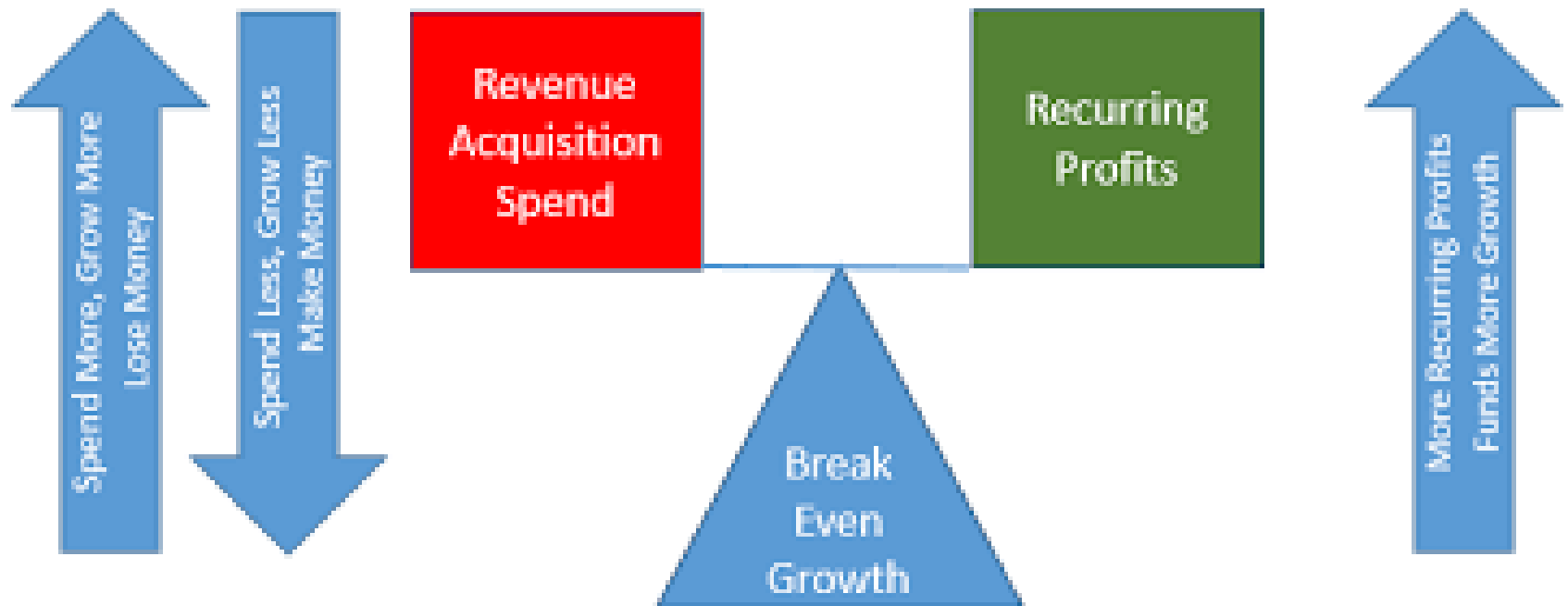


Venture Capital

Private Equity

Morphing From Private Company To Public

Financial Strategy



Morphing From Private Company To Public

Venture Funds

- Invest earlier stage
- Focused on growth
 - Drives Innovation
 - Viability issues
- Have longer investment horizon

Private Equity

- Focused more on profitability
- More mature with processes
- Innovation lags
- More frequent management changes

Disclosures

Disclosures:

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