



VISTA POINT ADVISORS

HR Tech Market Update

Q3 2025

I. Executive Summary

Executive Summary

Sector Overview

- As of 2025, the Global Human Resources Technology sector (“HR Tech”) market is set to grow from \$40b in 2025 to \$63b by 2030, growing at a CAGR of 9.4%.
- HR teams are accelerating the move to unified, AI-enabled platforms to automate routine workflows, improve reporting accuracy, and provide real-time visibility into workforce performance and costs.
- Companies are prioritizing employee self-service and skills development tools as they work to reduce administrative burden, support continuous upskilling, and address persistent talent and capability gaps.

Q3 2025 Report Themes



The rise of remote and hybrid work continues to fuel demand for HR tech platforms that manage distributed teams, monitor productivity, and strengthen communication and collaboration.



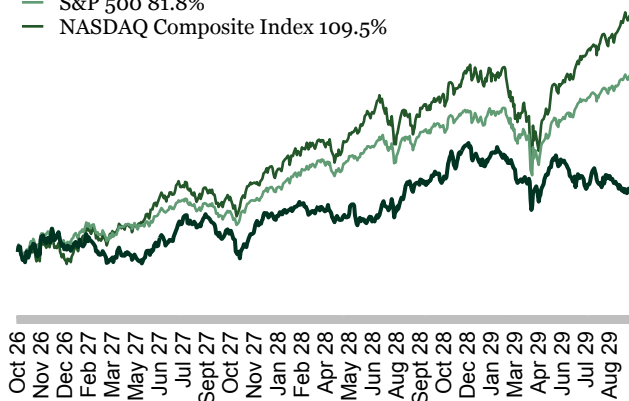
HR Tech M&A in Q3 2025 saw a sharp rise in deal activity and values, driven by strategic investments in AI, talent management, and workforce automation amid improving macro conditions and investor confidence.



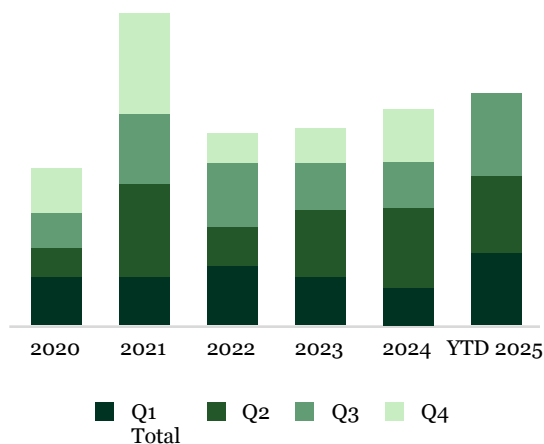
HR Tech investment in Q3 2025 stayed steady, with investors favoring scalable AI-driven platforms and recurring revenue models despite softer deal activity.

HR Tech Companies Performance*

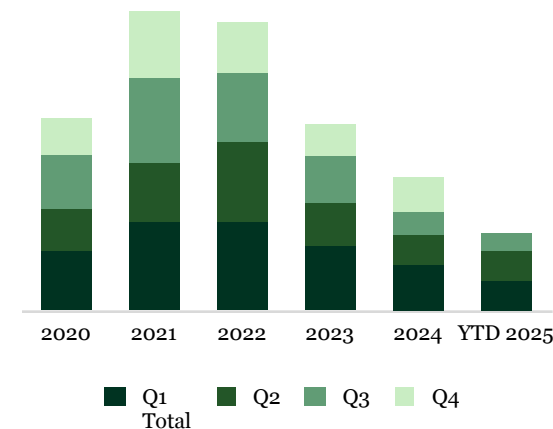
- HR Tech 27.8%
- Custom Index 67.2%
- S&P 500 81.8%
- NASDAQ Composite Index 109.5%



M&A Transactions



Private Funding Transactions



Select Key Players in HR Tech

Workforce Management & Scheduling Software



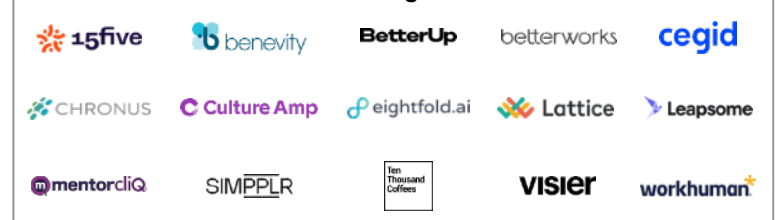
Pre-Employment Screening Software



Human Capital Management Software



Performance Management Software



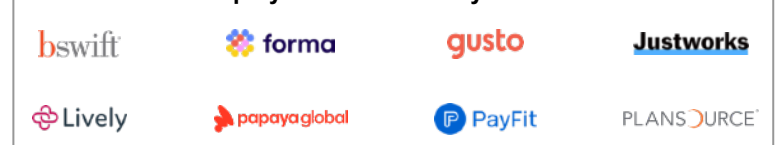
Recruiting & Onboarding Software



Corporate Learning Software



Employee Benefits & Payroll Software

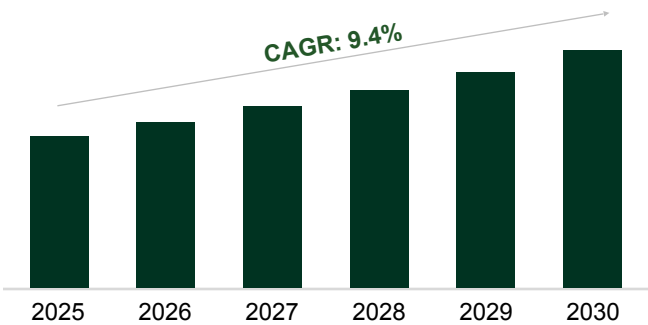


Denotes select public companies considered as part of the HR Tech index

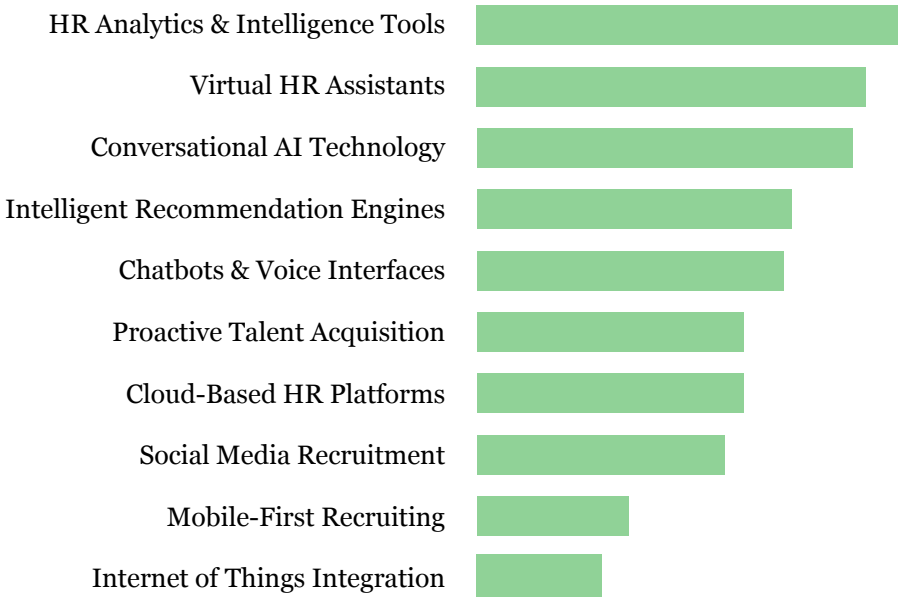
Industry Trends and Outlook (1/2)

Global HR Tech Market Size (\$b)

- The HR Tech market is rapidly growing in 2025, driven by AI tools that automate hiring, reviews, and career development.
- Organizations are shifting from fragmented HR systems to consolidated, interoperable platforms, enabling real-time analytics and agile decision-making.
- AI chatbots are streamlining HR tasks like onboarding and guidance, with 40% employee adoption expected by 2028.
- Organizations are integrating HR and finance systems to unify workforce planning, budgeting, and analytics. CFO involvement in talent and cost decisions is driving demand for consolidated HR platforms that deliver real-time visibility into workforce spend and performance.



10 Most Relevant HR Tech Trends in the Upcoming Years



HR Analytics & Intelligence Tools (63%) are viewed as essential for driving data-based decisions and improving HR reporting workflows.



Virtual HR Assistants (58%) and **Conversational AI (56%)** are gaining relevance as companies focus on automating routine HR tasks and streamlining employee interactions.



Social Media Recruiting (37%) and **Mobile-First Recruiting (23%)** remain secondary priorities, as companies focus more on process automation than candidate acquisition transformation.

Industry Trends and Outlook (2/2)

Bridging Critical Workforce Gaps Through HR Technology

Only 10% of HR leaders say their workforce has the skills needed to meet upcoming business goals.

Adopt AI-driven learning to personalize upskilling and align outcomes with performance.

70% of company leaders view skills gaps as a key risk to business performance.

Use predictive analytics to map skill inventories, forecast future needs, and align learning with strategic goals.

Nearly three-quarters of HR professionals cite people challenges and talent shortages as major obstacles.

Unify recruitment, performance, and learning data to build a skills-based, future-ready workforce.

Over 80% of HR professionals now use AI tools, yet only 30% have received formal AI training.

Facilitate structured AI training, in-platform guidance, and analytics-driven insights to enhance digital fluency within HR teams.

Key Drivers of HR Tech Relevance in 2025

82%

HR professionals widely use **people analytics to track retention and turnover** — one of the most common data-driven HR applications.

80%

of **Global 2000 organizations** are expected to leverage **algorithmic managers** for hiring, training, and performance decisions.

45%

faster hiring achieved by companies using AI for candidate search and resume screening, now adopted by **one in three organizations**.

\$5Trn

has been invested by U.S. employers in **HR technologies to streamline operations and enhance decision-making**.

Enhanced Employee & Manager Self-Service (ESS & MSS) in HR Tech

Shift Toward Self-Service Enablement

Enhanced ESS and MSS modules empower employees to manage personal data, leave, and pay information directly, while enabling managers to approve requests and oversee team operations in real time.

Integration and Experience Upgrades

Modern ESS & MSS platforms feature mobile-first interfaces, AI chatbots, and integrated workflows across payroll, performance, and learning modules to enhance usability and efficiency.

Strategic HR Transformation

By automating routine HR tasks, enhanced self-service tools reduce administrative burden, improve data accuracy, and allow HR teams to focus on strategic initiatives.

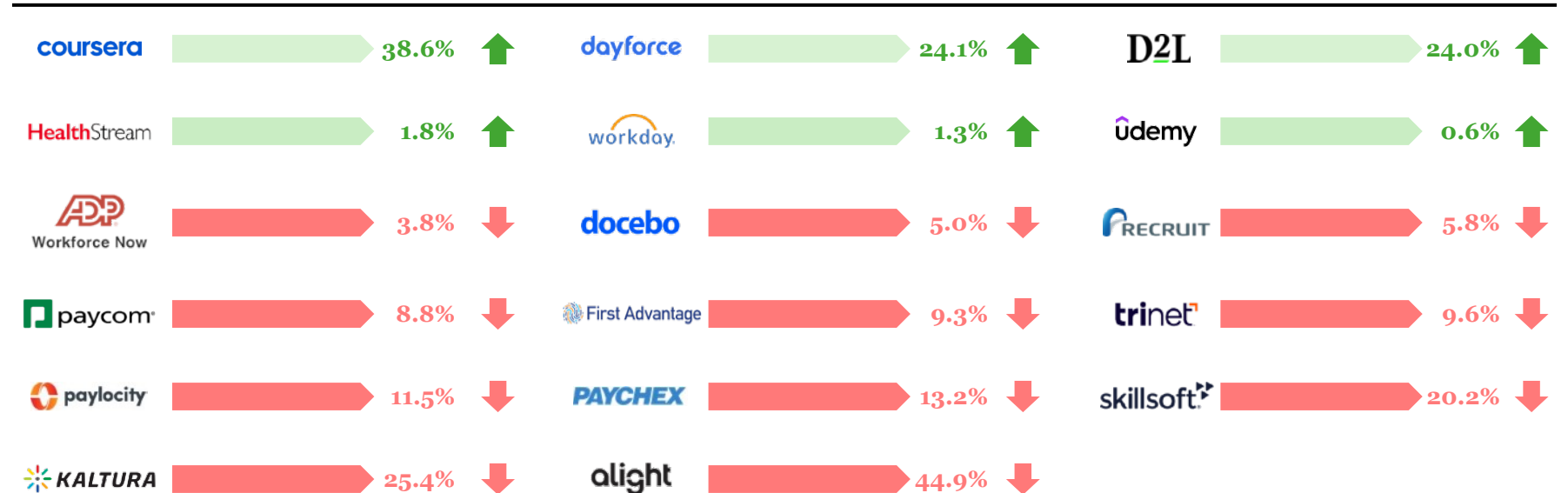
III. Capital Markets & Public Trading Data

Public Companies Performance (1/3)

Select HR Tech Public Companies Constituting the Public Index



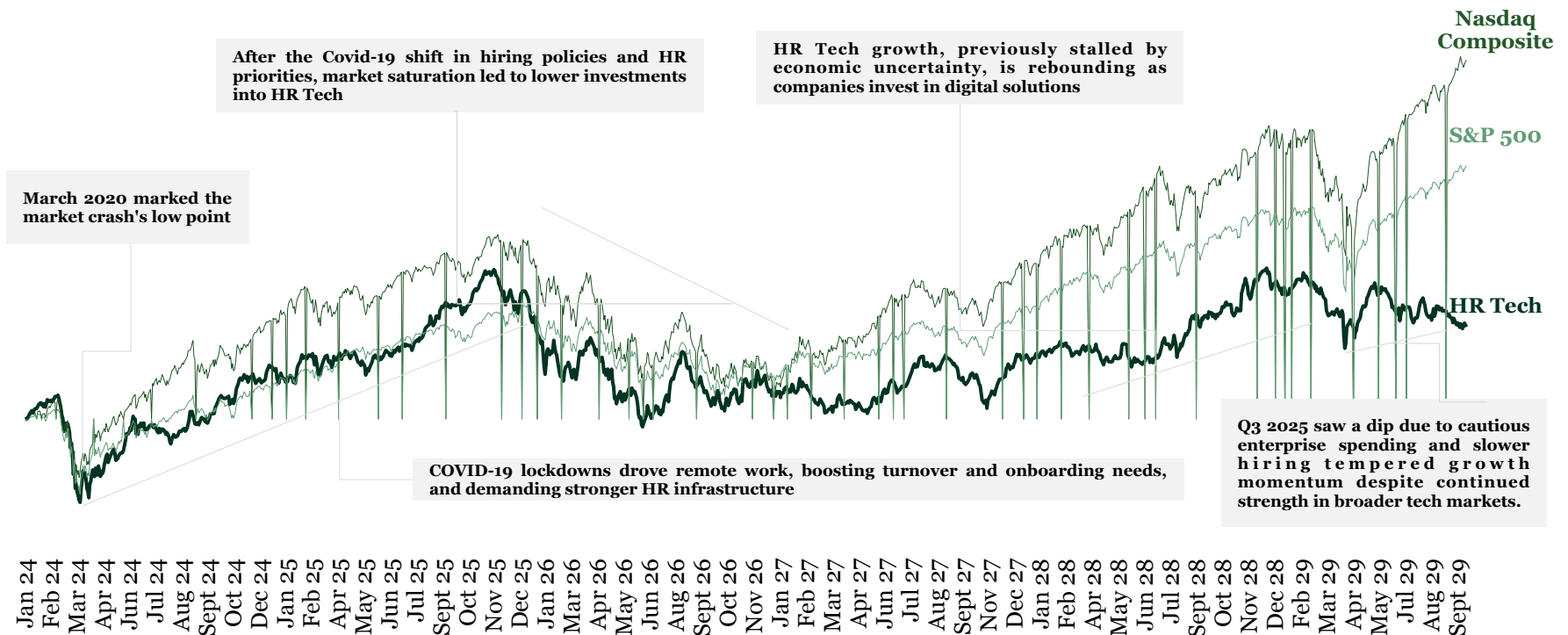
Q3 25 HR Tech Companies Performance



Public Companies Performance (2/3)

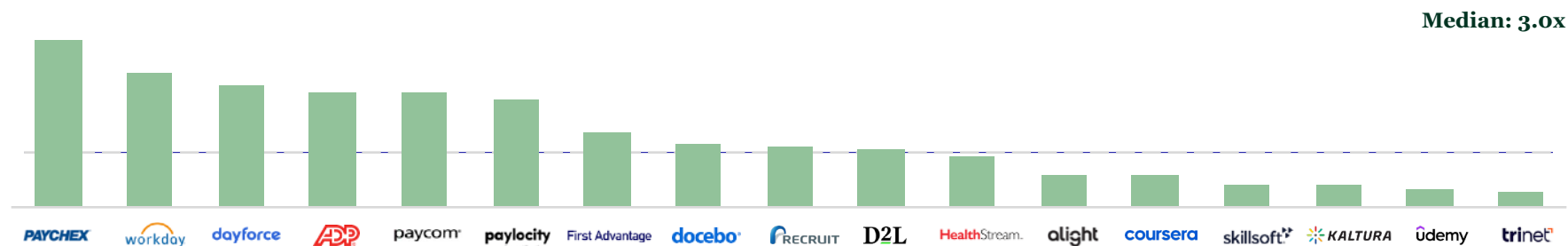
Q3 2025 marked a moderation in HR Tech performance as investors turned selective after two quarters of recovery. While the NASDAQ and S&P 500 advanced on large-cap tech strength, HR Tech valuations eased amid cautious enterprise spending and slower hiring cycles. Capital continued to favor scalable, AI-enabled platforms with proven ROI, signaling a healthy reset toward fundamentals and sustainable growth through late 2025.

Index Growth	CY 24	Q3 24	Q3 25
HR Tech	23.8%	14.9%	(5.9%)
S&P 500	24.0%	5.2%	7.9%
NASDAQ Composite	30.8%	8.1%	12.2%

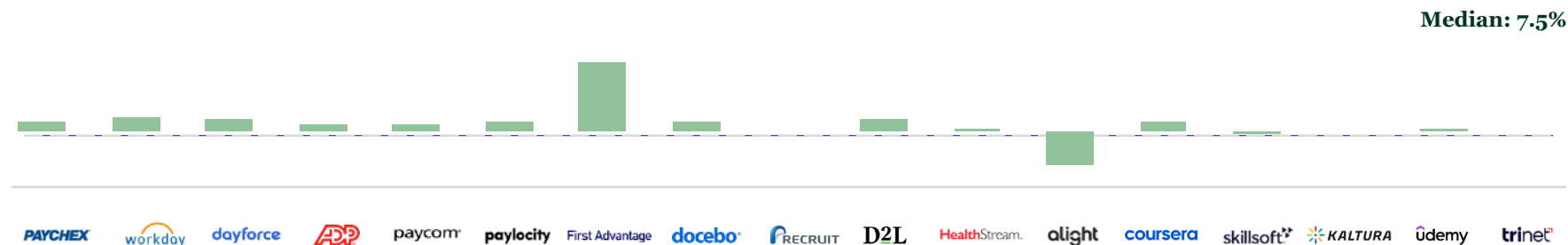


Public Companies Performance (3/3)

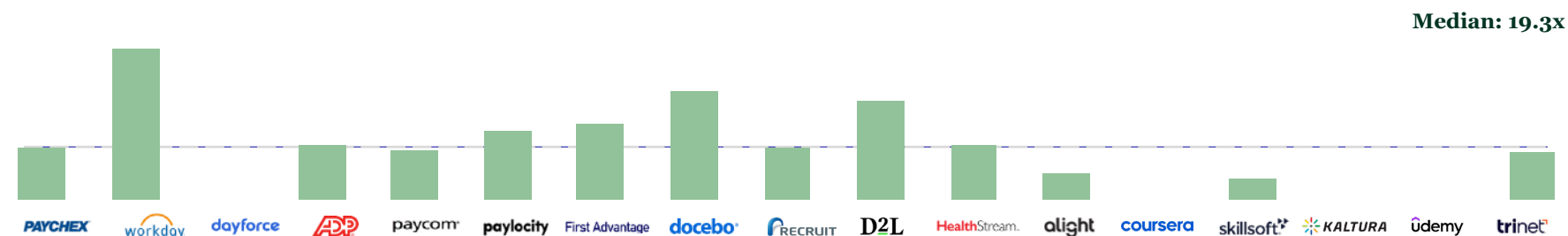
EV/Revenue (LTM)



Revenue Growth (LTM)



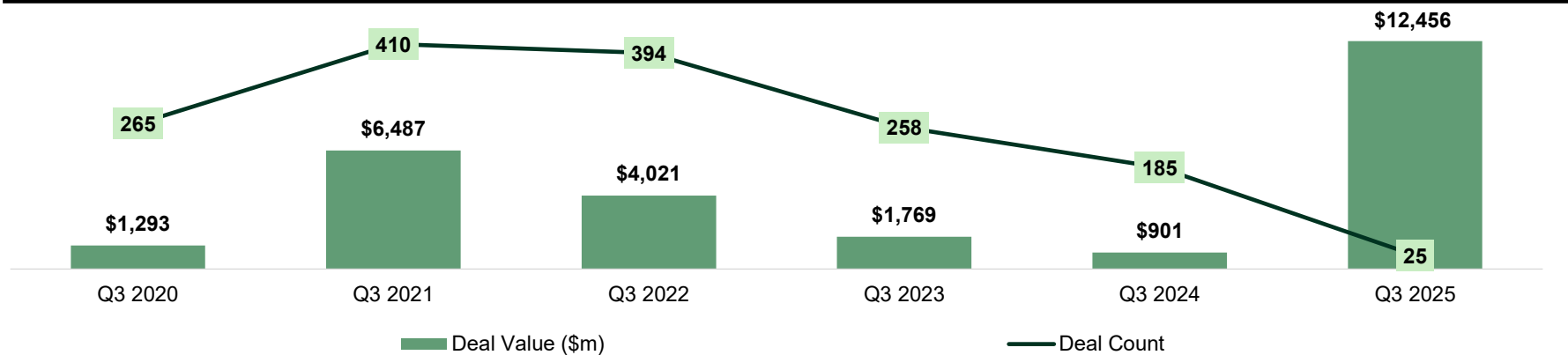
EV/EBITDA (LTM)



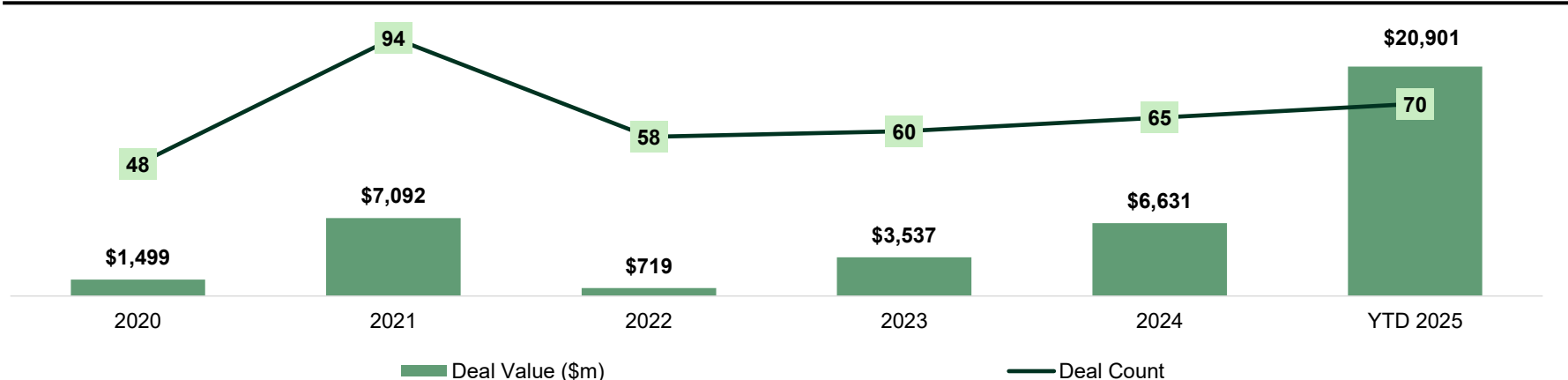
HR Tech M&A Activity (1/5)

HR Tech M&A activity accelerated sharply in Q3 2025, with deal values reaching record highs. The market continues to experience a clear shift towards larger, strategic acquisitions, particularly across AI-powered HR solutions, talent management, and workforce automation. Strengthening macroeconomic conditions, favorable interest rates, and renewed investor confidence are further supporting this momentum. Strategies and financial sponsors remain active, signaling sustained growth in HR Tech for the rest of 2025.

Historical Q3 M&A Summary



























































Annual M&A Summary



HR Tech M&A Activity (2/5)

Most Active Buyout Investors

Active Investors from Q1 2019 – Q3 2025			
Company Name	Investor Type	# of New Investments	Notable Investments
 K1 INVESTMENT MANAGEMENT	PE/Buyout	10	   InFlight   LEVER 
	PE/Buyout	8	  LARA     
STONE POINT CAPITAL	PE/Buyout	8	       
	PE/Buyout	7	      
THE CARLYLE GROUP	PE/Buyout	5	    
	PE/Buyout	5	    
	PE/Buyout	5	    
	PE/Buyout	4	   
Blackstone	PE/Buyout	3	  











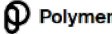



HR Tech M&A Activity (3/5)

Date	Target	Buyer	Sub-Sector	Deal Size	EV/Revenue	Target Description
16-Sep			Recruiting & Onboarding Software	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Designs and develops recruiting analytics, job search, and inclusive job descriptions software platform.
15-Sep			Recruiting & Onboarding Software	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Developer of AI-powered recruiting productivity software intended to support hiring teams globally
11-Sep			Employee Benefits & Payroll Software	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Provider of payroll, workforce management, workers 'comp and retirement plan solutions to small and medium-sized businesses.
11-Sep			Recruiting & Onboarding Software	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Operator of an online end-to-end recruitment platform intended to find suitable candidates easily.
8-Sep			Workforce Management & Scheduling Software	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Operator of a workforce management platform and talent marketplace built for the hospitality industry.
8-Sep			Workforce Management & Scheduling Software	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Develops workforce management software.
2-Sep			Performance Management Software	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Developer of an employee feedback platform designed to help frontline managers understand and improve the level of engagement of their teams.
2-Sep			Performance Management Software	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Developer of an online performance management software designed to help organizations manage their talent through ongoing performance check-ins.
1-Sep			Recruiting & Onboarding Software	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Provider of recruiting and staffing services intended to serve real estate construction, energy, manufacturing, healthcare and financial services industries.

HR Tech M&A Activity (4/5)

Date	Target	Buyer	Sub-Sector	Deal Size	EV/Revenue	Target Description
21-Aug			Human Capital Management Software	\$12,415m	6.4x	<ul style="list-style-type: none"> Provides cloud-based human capital management solutions for large businesses looking to manage their payroll, tax, benefits, and talent intelligence.
18-Aug			Employee Benefits & Payroll Software	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Developer of a workforce management and payroll processing platform designed for staffing agencies and recruitment firms.
18-Aug			Workforce Management & Scheduling Software	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Designs and develops an AI powered platform for workforce management.
14-Aug			Recruiting & Onboarding Software	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Operator of a healthcare staffing platform designed to connect healthcare providers with physicians and advanced practice clinicians.
12-Aug			Pre-Employment Screening Software	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Operator of job search engine technology designed for connecting job seekers with listings.
12-Aug			Pre-Employment Screening Software	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Provides career transition and talent acquisition services intended for corporate clients and individual employees.
11-Aug			Performance Management Software	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Developer of a performance management platform designed to assist employees in managing goals, tracking tasks, and sharing feedback.
11-Aug			Recruiting & Onboarding Software	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Developer of recruitment software designed to streamline the selection process of candidates.
6-Aug			Human Capital Management Software	<\$10m	Undisclosed	<ul style="list-style-type: none"> Developer of a human resources platform designed to provide applicant tracking system to transform the recruiting and hiring process.

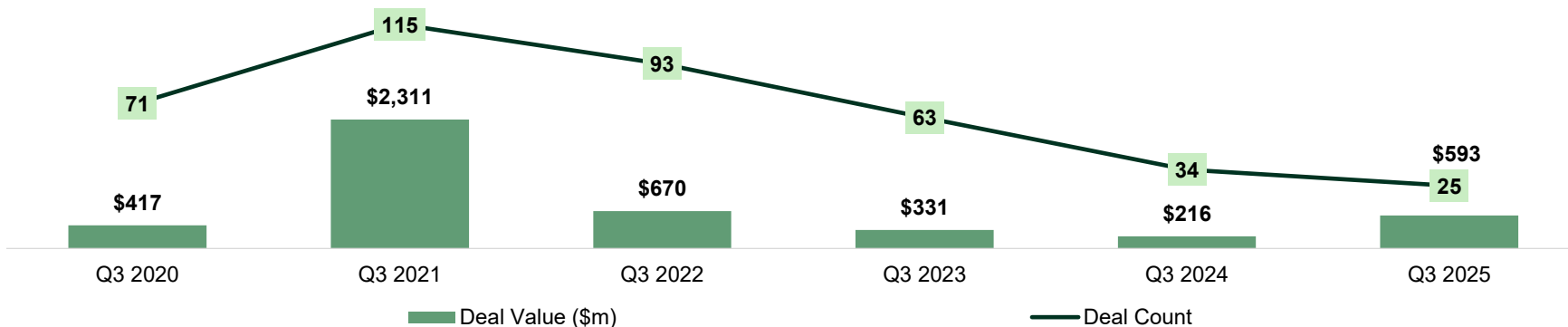
HR Tech M&A Activity (5/5)

Date	Target	Buyer	Sub-Sector	Deal Size	EV/Revenue	Target Description
1-Aug	 SmartRecruiters		Pre-Employment Screening Software	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Developer of an online recruitment platform designed to provide full source-to-hire capabilities for the modern workforce.
1-Aug			Recruiting & Onboarding Software	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Developer of staffing software intended to create technological advancements in the staffing industry.
29-Jul			Recruiting & Onboarding Software	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Developer of a recruiting platform designed to streamline employee onboarding.
29-Jul			Recruiting & Onboarding Software	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Provides recruitment, talent acquisition, and workforce development technology solutions for the government and public agencies.
28-Jul			Workforce Management & Scheduling Software	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Developer of workforce management software designed for the unique needs of public sector and higher education organizations.
1-Jul			Pre-Employment Screening Software	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Developer of hiring software designed to display job openings and a powerful dashboard to manage applicants.
1-Jul			Human Capital Management Software	\$39m	Undisclosed	<ul style="list-style-type: none"> Designs and develops cloud-based time and attendance software.
Median				\$39m	6.4x	

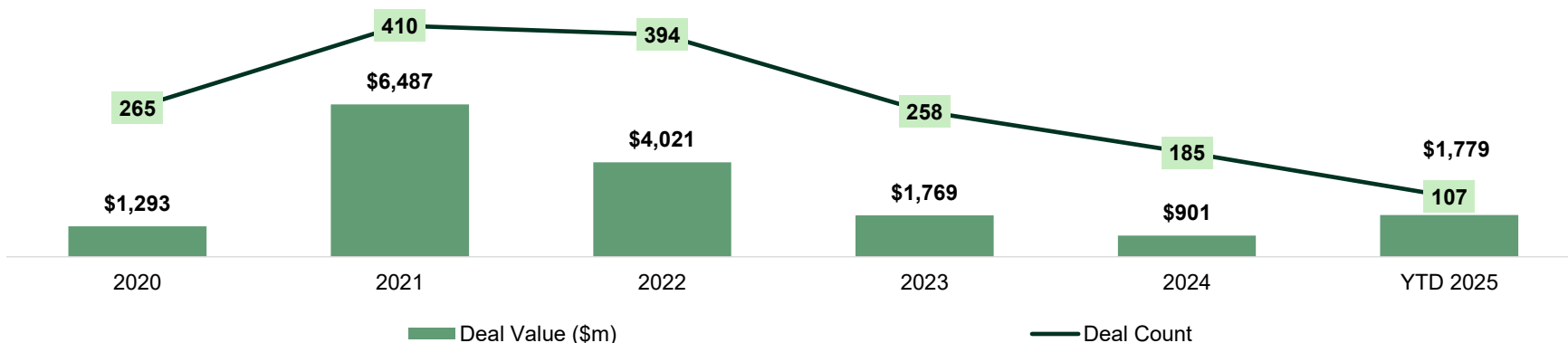
HR Tech Investment Activity (1/5)

HR Tech investment remained resilient in Q3 2025, with investors taking a disciplined stance and opting quality and scalability. Venture and growth capital continued to flow into established, AI-enabled platforms showcasing proven revenue models and operational efficiency. While overall deal activity moderated, capital deployment held steady, underscoring ongoing confidence in HR Tech fundamentals. Investors are increasingly prioritizing long-term enterprise value, recurring revenue potential and differentiated technology capabilities as key drivers of selective funding through the remainder of 2025.

Historical Q3 Financing Summary




















































































Annual Financing Summary



HR Tech Investment Activity (2/5)


















Most Active Minority Investors

Active Investors from Q1 2019 – Q3 2025			
Company Name	Investor Type	# of New Investments	Notable Investments
Gaingels 	Venture Capital	46	       
PeopleTech PARTNERS 	Venture Capital	35	       
Alumni Ventures 	Venture Capital	33	       
FOUNDERS FUND 	Venture Capital	25	       
SOMA CAPITAL 	Venture Capital	22	       
RSCM 	Venture Capital	20	       
Accel 	Venture Capital	19	       
SemperVirens 	Venture Capital	19	       
TIGERGLOBAL 	Venture Capital	18	       











HR Tech Investment Activity (3/5)

Date	Target	Investor	Sub-Sector	Deal Size	EV/Revenue	Target Description
29-Sep	 Alex	 peak xv	Recruiting & Onboarding Software	\$17m	Undisclosed	<ul style="list-style-type: none"> Developer of an AI-powered recruiting platform intended to help companies hire technical talent faster.
10-Sep	 MERCOR	 Felicis	Recruiting & Onboarding Software	\$350m	Undisclosed	<ul style="list-style-type: none"> Developer of an artificial intelligence-powered hiring platform designed to streamline the hiring process for both candidates and companies.
6-Sep	 prembly	 MTN	Human Capital Management Software	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Developer of a compliance platform designed to verify identities, detect fraud, and support secure onboarding in emerging markets.
3-Sep	 RefAssured	  	Human Capital Management Software	<\$10m	Undisclosed	<ul style="list-style-type: none"> Operator of a human capital platform designed to provide staffing services with data-backed automated reference-checking system.
1-Sep	 atlas	Julian Capital	Employee Benefits & Payroll Software	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Provider of employer of record (EOR) services committed to guiding companies on their growth journeys with software and services that enable global talent management.
1-Sep	 employable.ai		Recruiting & Onboarding Software	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Developer of an artificial intelligence-powered job matching platform designed for workforce placement and identifying transferable skills for employers and job seekers.
1-Sep	 Paismo		Employee Benefits & Payroll Software	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Developer of a human resource and payroll management platform intended to pay, manage and grow talent at the local level.
28-Aug	 Laborup		Human Capital Management Software	<\$10m	Undisclosed	<ul style="list-style-type: none"> Developer of a human resource platform designed to connect job seekers with potential employers.
18-Aug	 SalesDraft		Pre-Employment Screening Software	<\$10m	Undisclosed	<ul style="list-style-type: none"> Developer of an artificial intelligence-powered recruiting platform designed to automate the hiring process for sales teams.
5-Aug	 Qlay		Recruiting & Onboarding Software	<\$10m	Undisclosed	<ul style="list-style-type: none"> Operator of a hiring platform intended to simplify the recruitment of remote engineers by utilizing AI-based conversational interviews and live-coding tests.

HR Tech Investment Activity (4/5)

Date	Target	Investor	Sub-Sector	Deal Size	EV/Revenue	Target Description
4-Aug			Employee Benefits & Payroll Software	\$100m	Undisclosed	Developer of benefits administration and human resource management software for insurance brokers, carriers and human resource departments.
1-Aug			Pre-Employment Screening Software	Undisclosed	Undisclosed	Operator of an executive and talent search intended to help clients address the human capital components of their strategic plans.
1-Aug	E P H Y		Human Capital Management Software	<\$10m	Undisclosed	Developer of a human resource operating system intended to streamline human resource operations, compliance, and workforce management.
31-Jul			Employee Benefits & Payroll Software	<\$10m	Undisclosed	Developer of a payroll and performance management platform designed to streamline workforce operations for home service teams.
29-Jul			Human Capital Management Software	\$35m	Undisclosed	Developer of human resource management software designed to take care of employee leaves.
23-Jul			Recruiting & Onboarding Software	<\$10m	Undisclosed	Developer of a recruitment-focused platform intended for basketball coaches at all levels.
22-Jul		[ARRAY VC]	Employee Benefits & Payroll Software	<\$10m	Undisclosed	Developer of a compensation management platform designed for a unified toolset to design, budget and execute a compensation strategy.
22-Jul			Recruiting & Onboarding Software	Undisclosed	Undisclosed	Developer of a social recruiting platform designed to help people find a job as per their requirements.
22-Jul		1848ventures	Pre-Employment Screening Software	<\$10m	Undisclosed	Developer of an artificial intelligence-based hiring platform intended to help construction teams recruit skilled workers faster.
18-Jul			Human Capital Management Software	Undisclosed	Undisclosed	Developer of a human capital management platform designed to enhance leadership development and organizational growth.

HR Tech Investment Activity (5/5)

Date	Target	Investor	Sub-Sector	Deal Size	EV/Revenue	Target Description
17-Jul			Recruiting & Onboarding Software	<\$10m	Undisclosed	<ul style="list-style-type: none"> Developer of a staff requirement management software designed to automate admin for facilities, compliance, and paperwork.
11-Jul			Pre-Employment Screening Software	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Developer of a recruitment software designed to streamline candidate screening and improve the hiring process.
8-Jul			Recruiting & Onboarding Software	\$50m	Undisclosed	<ul style="list-style-type: none"> Developer of recruitment software that standardizes enterprise-grade hiring workflows and enables recruiters and managers to achieve productivity and growth targets efficiently.
1-Jul			Pre-Employment Screening Software	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Developer of an online job search and hiring platform designed to connect product prototypes with customers, capital, and collaborators.
1-Jul			Pre-Employment Screening Software	<\$10m	Undisclosed	<ul style="list-style-type: none"> Developer of a talent acquisition platform that manages recruiting from job marketing to interviews and evaluations.

IV. Vista Point Advisors Overview & Credentials

A Truly Unconflicted Approach

Vista Point Advisors is the leading sell-side investment bank exclusively focused on M&A and capital raising for founder-led software and internet companies.

- Focus on **Founder-Led**, minimally-funded businesses

- Unconflicted advice: **exclusively** a sell-side advisor

- Software and Internet domain expertise

VPA Key Metrics

126

TRANSACTIONS

22

INVESTMENT BANKERS

27%

CROSS BORDER DEALS

\$25 – \$500M

TRANSACTION SIZE RANGE

\$9.2Bn

TOTAL ENTERPRISE VALUE

14+ Years

SENIOR BANKER TENURE

100%

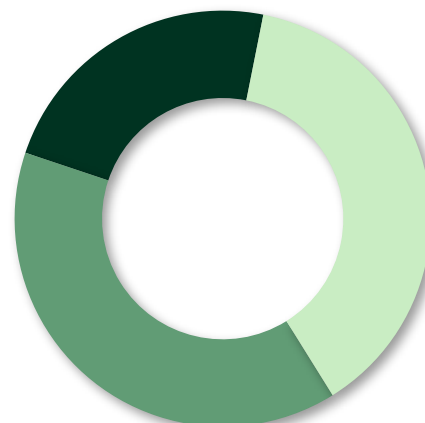
SELL-SIDE TRANSACTIONS

1,600+

LOIs RECEIVED

900+

BUYER RELATIONSHIPS



Leading Advisor to Founder-Led Technology Companies

In the past 4 years, here are our results:

52










































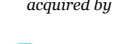

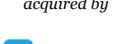

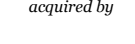

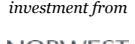

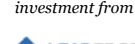

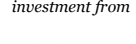

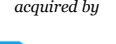



















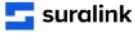







CLOSED TRANSACTIONS

\$4.2B

ENTERPRISE VALUE

9.2x

AVG. ARR MULTIPLE

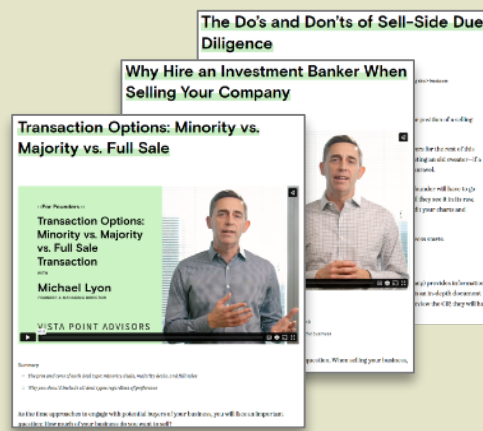
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For Founders

Perspectives

[Learn More](#)


Insights

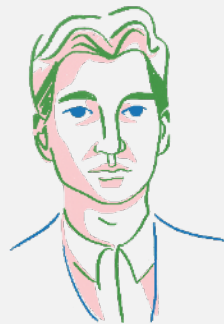
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Sell-Side Stories

[Browse All Founder Stories](#)


Keeping Buyers Competitive Through Non-Exclusive Diligence

By: Jonathan Pototschnik
Co-Founder, Service Autopilot



Reaching a High Valuation Through Strategic Positioning

By: Jake Harrington
Founder, On-Site

The Path To Exit

A VISTA POINT ADVISORS PODCAST

Learn what every technology founder needs to know as they grow their business towards an eventual M&A transaction.

In this podcast, Mike Lyon from Vista Point Advisors chats with tech founders and the VPA team to address questions like:

- What is the process for selling a software or internet business?
- What drives the valuation of a SaaS business?
- What are my different transactions options?
- And more



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Founder-Led Focus

Unconflicted Advice

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