

SHRM 2015 Conference Recap

#SHRM2015 Topics, Trends, & Opportunities

1. HR as the business people leader (not solely focused on compliance nor the chief administration officer).
2. Actionable Data. Not lagging indicators but real-time data in the hands of power users. Tools and technology for team leaders and power users (not HR for HR's sake).

SHRM 2015 Las Vegas Convention Exhibitor Expo:

15,000+ Attendees plus 900 Vendor Booths:

- **332 Total Compensation & Benefits including:**
 - 46 Healthcare Cost Containment
 - 150 Health, Wellness, & Safety
- **631 Professional Development** including:
 - 57 Assessment Tools
- **685 HR Services** including:
 - 67 Awards & Motivation
 - 121 Employee Engagement
 - 44 Background Screening
- **145 Global HR Services**
- **306 HRTech Software Platforms**
**Duplicates exist as companies are listed in multiple companies.*



"Red Ocean Opportunities" Fragmented, Technology Procrastinators:

1. Background Screening
2. Assessment Tools

New "Blue Ocean" Opportunities:

1. **Everybody is creating a Marketplace:** ADP Marketplace, Cornerstone Marketplace, Healthcare Marketplace, etc..
2. **Bundled Technology & Tools for Power Users will drive user adoption and satisfaction.**
3. **The HR Department of One** - A growing community, with untapped potential.
4. **Health & Wellness Here to Stay:** Wellness Marketplace, Teladoc lookalikes, Healthcare cost containment initiatives.
5. **HR across Industries and Functions:** ERP, FSM, BPO, Safety, Compliance, Global HR Services.





Beyond Payroll ASO / HRO Opportunities

Growth beyond referrals and direct sales options to be evaluated (*make, buy, partner, alliance, license, franchise*):

1. Vertical solutions (30% YOY growth focused on mid-market enterprises),
2. Communities (30% YOY new customer growth),
3. Content categories (15% add-on revenues per customer)
4. Payroll

Content

- **Assessments, Competencies, Training:** More than 50 private company \$1m to \$10m tools.
- **eRecruiting:** ~25 industry tools with content (mostly venture backed).
- **Health & Wellness:** Thousands of startups with some backed by Strategics and Financiers.
- **Motivation & Awards:** ~25 private company solution providers.
- **Training & eLearning:** Hundreds of content providers.

Communities

- **SalesForce.com** (Work.com, FinancialForce)
- **IBM** (KeneXa)
- **Microsoft** (Yammer)
- **Amazon** (*TBD*)
- **ERP** (*Deltek*)

Industry Vertical Solutions

- **Technical, Scientific, Engineering**
- **Safety & Security**
- **Healthcare**
- **Contingent**

Payroll Platforms

- ~25 platforms <\$10m
- More than 250 service providers with \$1m to \$10m in annual service revenues.





Beyond Payroll Star Performers for SMB Payroll with HRTech Market Map

Market Landscape of Small Business Providers of Payroll and HR Management Software by Number of Customers¹²³⁴

For Small Business Owners without an HR person whom want a singular vendor:

ADP (NASDAQ: ADP) [620,000 customers]
Ceridian (Thompson Bravo) [100,000]
CoAdvantage (Compass) [5,000]
CompuPay (Willis Stein & Partners) [160,000]
Infinisource (KKR) [90,000]
Insperty (NYSE: NSP) [10,000]
Oasis Outsourcing (Stone Point Capital, Trident) [10,000]
Sheakley (private, \$150M) [50,000]
TriNet (NYSE: TNET) [10,000]

For Small and Medium Businesses whom want the perfect solution from multiple vendors:

Ascentis (Catalyst & Palm) [2,500]
CBIZ (NYSE: CBZ) [90,000]
CheckpointHR (Edison Venture Partners) [9500]
CloudPay (formerly Pattersons, RhoCanada) [10,000]
EmployeeMax (private, <\$50M) [1,500]
IOI Pay_Interlogic(private, <\$50M) [6,000]
Mangrove (private, <\$50M) [4,500]
Paycheck (NASDAQ: PAYX) [554,000]
Paycom (NYSE: PAYC) [10,000]
Paycor (Evolution Platform, Guy Henshaw) [20,000]
Paylocity (NASD: PCTY) [7,000]
PrimePay⁵ (private, \$100M) [5000]
Sentric (private, <\$50M) [3,500]
TriCore (private, <\$50M) [5,000]
Ultimate Software (NASD: ULTI) [5,000]
Valiant (private, <\$50M) [3,000]
Zen Payroll (General Catalyst Partners & KPCB) [9000]
Zenefits (Andreesen, IVP, others) [2,500]

¹ ASO: Employer Flexible (private, <\$50M) [<1,000], Barrett, AccordHr, Empower, Discovery, Landrum, SCI, AlphaStaff

² Payroll: NetChex [500], Proliant [500], APS [500]

³ Industry Specific Leaders: Restaurant, Retail, Hospitality: InfoSync [3,600]

⁴ Small Business HR Technology Software Market Beyond Payroll

- The USA Market for HR Technology is 100,000 middle market (\$10 million to \$250 million, 50 to 10,000 employees), more than one (1) million SMBs (<\$10 million, <100 employees), and the enterprise market, plus government entities. The aftermarket opportunities are numerous, long-tailed.
- Growth requires a "WOW" product supported by foundational recurring revenue solutions which solve BIG outcomes for buyers. Wealth is created thru "Technology Enabled Services" which utilize a "Holistic" Partnering Approach backed by strong product marketing, core revenue operations sales team, and strategic channel partners.
- Market comparables of private pre institutional enterprise valuation range from a minimum of 4 to 7 with a high of 12 EBITDA and revenue multiples of 1 to 4X based on model maturity and assets.
- Pricing economics per employee per month of \$0.99 for light SMB to \$9.80 for professional enterprise price/WSEE (worksite employee).

⁵ (\$50m in annual revenues, 400 employees, 30 offices, focus on SMBs, CPAs, Franchises)



#SHRM2015 Recap Blog Posts:

- [SHRM Conference Presentation Slides](#)
- [SLIDES: Busting the Common Myths in HR Technology - #SHRM15](#)
- [The Importance of HR Data Security: HR Happy Hour #216](#)
- [The Top Three Reasons HR \(or any\) Tech Projects Fail](#)
- [Daily SHRM 2015 Social Engagement Session Recaps](#)
- [Daily Recap\(s\) from Talent Management](#)
- **SHRM Blogs:**
 - [Fistful of Talent](#)
 - [Evil HR Lady](#)
 - [The Cynical Girl](#)
 - **Human Workplace Blog**
- [SHRM Answers Questions About New HR Competency Certification \(5.21.14\)](#)

See you in DC!

