

# Future of Work

Mentoring and coaching tech: Key to scaling learning and development

## FIRST ANALYSIS QUARTERLY INSIGHTS

Integrative insights on emerging opportunities

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 **First Analysis**

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# First Analysis Future of Work Team

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## About the Author



### Corey Greendale

Corey Greendale, with over two decades of experience at First Analysis, works with entrepreneurs as an investor and as an advisor on growth transactions to help build leading software and human capital businesses. He leads the firm's efforts in the future-of-work area, learning technology, and the human capital sector, and his thought-leading research in those areas has been cited for excellence in the Wall Street Journal's "Best on the Street" survey, Forbes and the Financial Times. He serves on the boards of Amplifund, Learning.com, Netchex, SynergySuite, Visage and Yello. Prior to joining First Analysis in 2000, he was a development analyst at Systema Corp., where he designed training programs for several large pharmaceutical companies. He earned an MBA with high honors from the University of Chicago Booth School of Business and a bachelor's degree from Stanford University, where he graduated Phi Beta Kappa.

## About First Analysis

First Analysis has a four-decade record of serving emerging growth companies, established industry leaders and institutional investors in emerging high-growth segments in technology and healthcare, both through its venture capital investments and through First Analysis Securities Corp. (FASC), which provides investment banking and related services. FASC is a FINRA-registered broker-dealer and member SIPC. First Analysis's integrative research process underpins all its efforts, combining 1) dynamic investment research on thousands of companies with 2) thousands of relationships among executives, investors and other key participants in our focus areas, yielding a deep, comprehensive understanding of each sector's near-term and long-term potential.

# THE FUTURE OF WORK

## Mentoring and coaching tech: Key to scaling learning and development

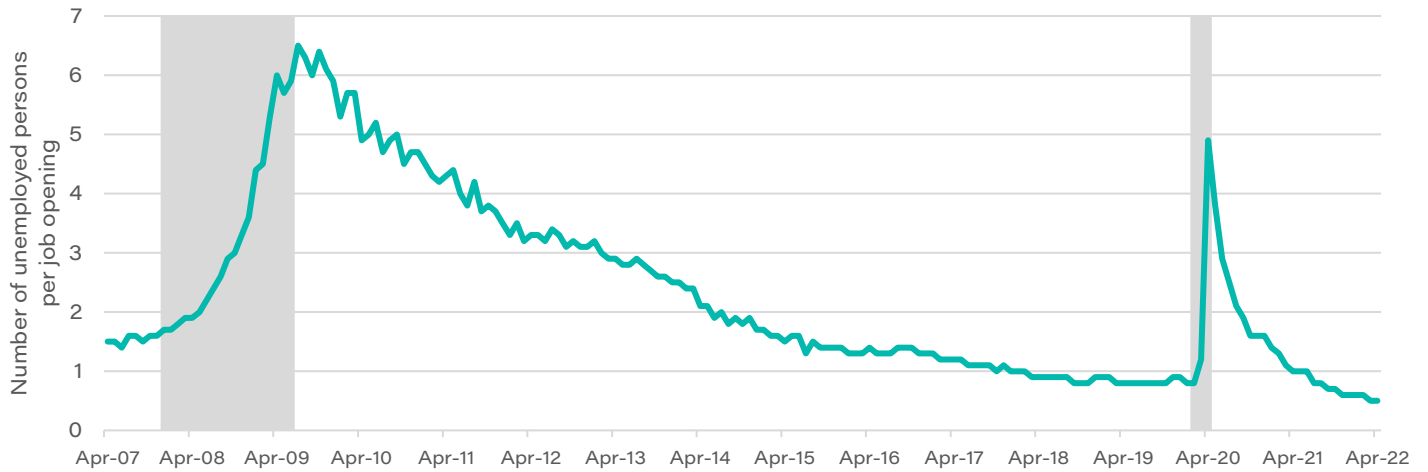
- While we expect the labor market to cool from its recent torrid levels, the fundamentals underpinning the long-term war for talent aren't going away anytime soon. That means employers continue to become more attuned to the importance of personalized learning for organizational performance and employee engagement and retention.
- A key mode of personalized learning is coaching and mentoring. We believe employers are increasingly investing in coaching and technologies that enable well-targeted mentoring for employees below the C-suite level. This portends a favorable environment for companies that enable employers to deliver coaching and mentoring in a more effective and targeted manner.
- We examine the underpinnings of this trend and profile several companies that automate elements of coaching and help optimize internal mentoring programs.

### **EVEN A COOLER LABOR MARKET WILL LIKELY REMAIN HOT**

With runaway inflation and the world's central banks raising interest rates, 2022 is providing a complex backdrop for projecting near-term labor markets. On one hand, one has to assume the Fed will be at least somewhat successful in its goal of cooling demand sufficiently to ease inflation, and some increase in unemployment will almost certainly be collateral damage. Indeed, in the technology world, there have already been several high-profile announcements of hiring freezes and layoffs. On the other hand, the number of unemployed workers per job opening remains at multi-decade lows (see Table 1), and many companies to whom we've spoken that aren't facing capital constraints or demand decreases continue to find it challenging to fill needed roles.

While we expect the labor market to cool from its recent torrid levels, the fundamentals underpinning the long-term war for talent aren't going away anytime soon. Fewer people in the United States are graduating from college (with a noteworthy downturn during the pandemic), and the baby boom generation will retire in increasing numbers. Digital transformation is exacerbating the

**TABLE 1:** Number of unemployed workers per job opening



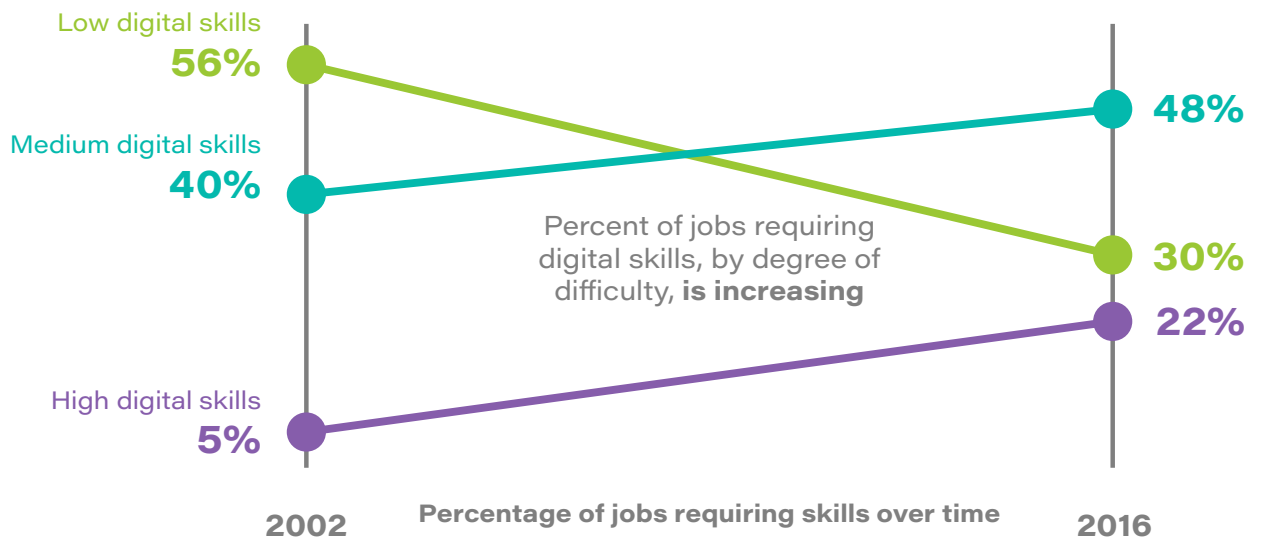
**Source:** *Job Openings and Labor Turnover Summary - 2022 April Results*. U.S. Bureau of Labor Statistics, June 1, 2022. <https://www.bls.gov/charts/job-openings-and-labor-turnover/unemp-per-job-opening.htm>

effect of these demographic changes, turning a greater share of the labor market into jobs that require at least some digital skills. Research from the Brookings Institution shows the percentage of jobs requiring low digital skills decreased from 56% in 2002 to 30% in 2016, while the percentage requiring high- or medium-level digital skills increased from 45% to 70%: a trend we believe has persisted as the pace of technological change remains rapid. As such, we believe that though there may be cyclical perturbations, secular underlying demand for skilled workers will continue to grow.

## COACHING AND MENTORING TECH A KEY FRONT IN THE WAR FOR TALENT

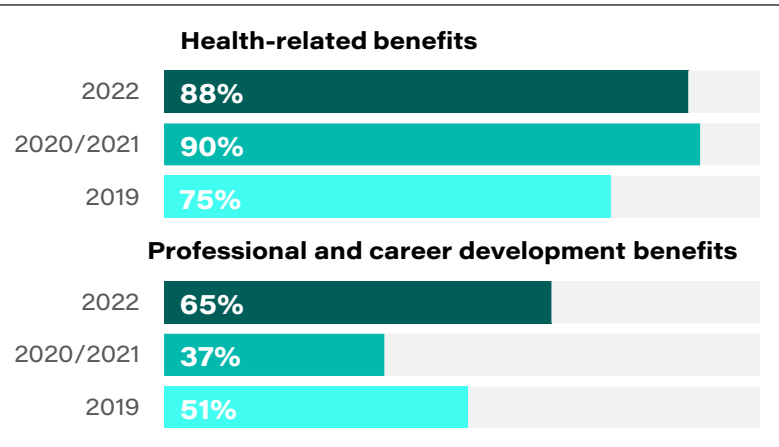
While recruiting is a key battleground in the war for talent, employers are increasingly aware that the war needs to be fought on multiple fronts. As wages increase and employers often need to offer higher salaries and benefits to attract candidates, the value proposition in increasing the skill levels of current employees becomes more compelling. This is particularly true in times of economic downturns, when budgets tighten

**TABLE 2:** Share of jobs in low, medium, and high digital skill occupations



**Source:** *Muro, Mark, et al. Digitalization and the American Workforce*. The Brookings Institution, Nov. 2017. <https://www.brookings.edu/research/digitalization-and-the-american-workforce/>

**TABLE 3:** Ranked importance of top benefits categories



**Source:** Source: Miller, Stephen. *Priorities Shift as Pandemic Recedes, SHRM 2022 Employee Benefits Survey Shows*. SHRM, June 12, 2022.

**Notes:** Percentages represent those who selected very or extremely important

more than the need for higher-skilled workers. In a survey conducted in early 2022 and released at its annual conference this month, the Society for Human Resources Management found that 65% of respondents ranked professional and career development benefits as very important or extremely important, up from only 37% in 2020 and 2021. While health-related benefits remain most univer-

sally acknowledged as very important or extremely important (88% of respondents), career development benefits saw the greatest jump in perceived importance in 2022. (The perceived importance of health-related benefits actually declined marginally, perhaps reflecting the extent to which the pandemic was weighing on the minds of employers in 2020 and 2021.)

The training industry has obviously been around a long time; however, technology increasingly enables workers to access development resources in a more targeted, individualized form than traditional employee training programs conducted in an in-person classroom format. With this individualization, employers are increasingly attuned to the importance of personalized learning in improving both individual and organizational performance and in improving employee engagement, as illustrated by a recent survey conducted by human capital consulting firm Brandon Hall and adaptive learning technology provider Realizeit (Table 4). In one manifestation of this trend, we believe organizations are increasingly investing in coaching and technologies that enable well-targeted mentoring for employees below the C-suite level. A recent survey from coaching marketplace provider Sounding Board showed that nearly

**TABLE 4:** How important is personalized learning in driving the following outcomes? (Percentage of respondents ranking as highly or critically important)



**Source:** Personalization for Performance. Brandon Hall Group. Realizeit, n.d.

**TABLE 5: Does your organization currently use leadership coaching for talent development?**



**Source:** Leadership coaching report. Sounding Board, 2021.

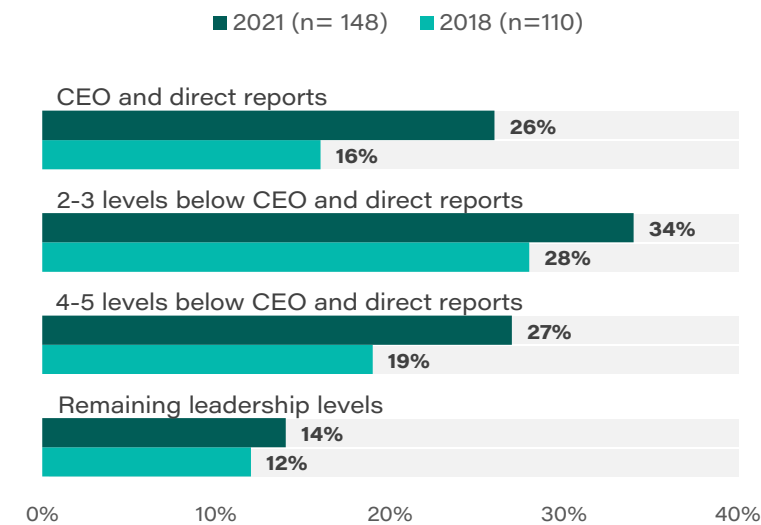
30% of organizations have formal internal coaching programs, nearly 20% have informal internal coaching programs, about 25% use external coaching providers, and fewer than 10% do not offer leadership coaching and have no interest in offering it.

Given the competitive market for skilled talent and increasing confidence in high returns on talent development investments,

organizations are also expanding the levels of employees at which coaching is targeted. The Conference Board's 2021 Global Executive Coaching Survey found that the percentage of organizations targeting coaching four to five levels below the CEO and his or her direct reports increased from 19% in 2018 to 27% in 2021, nearly matching the percentage of organizations targeting coaching at higher levels as recently as 2018. We believe all these factors portend a favorable environment for providers of technologies that enable companies to deliver coaching in a more effective and targeted manner. Below we profile several companies that automate elements of coaching or help optimize internal mentoring programs. We expect to discuss the underpinnings of using external coaches and several technology-enabled providers in that space in a future report.

**TABLE 6: Team coaching use is increasing to ensure successful team productivity in a hybrid world**

**Q: At what executive levels are team coaching targeted?**



**Source:** Global Executive Coaching Survey, CEO Brief. The Conference Board, 2021.

## SOME COACHING AND MENTORING TECH PROVIDERS



**AwakeTeams**, based in the San Francisco Bay area, is a team development platform that uses a proprietary peer-feedback algorithm to drive employee engagement, belonging, retention and profitability. AwakeTeams trains teams in trust-building, effective communication and productive collaboration skills. Based on memory research and social learning theory, AwakeTeams integrates bite-sized and tailored individual micro modules, team training modules and peer feedback that keeps learning constant and dynamic over time. Programs are available in three-, six-, and nine-month formats. The company, which started as the seed of an idea at the Founder Institute Silicon Valley program in 2020, recently launched paid pilot programs at two Fortune 500 companies.



Bellevue, Wash.-based **Chronus** provides mentoring software aimed at increasing employee retention and engagement. The platform includes tools for designing, building and launching mentoring programs, optimizing employee enrollment, matching mentors and mentees using an artificial-intelligence-driven algorithm, guiding mentoring relationships with connection plans and personalized guidance, and surveys and reports for measuring program performance. It also includes Android and iOS apps that mentors and mentees can use to access their programs. The software integrates with major workforce collaboration tools including Microsoft Teams, Slack and Zoom. Customers include Amazon, Edward Lifesciences, Electronic Arts, McGraw Hill and Mercedes-Benz. In August 2021, Chronus announced a \$78 million investment from Level Equity.



Covington, Ky.-based **Cloverleaf** provides automated coaching software that enables employers and employees to maximize employees' contributions to their organizations and helps employees have the most fulfilling opportunities in their roles. Cloverleaf begins by analyzing personal strengths and behavioral insights for each team member and then integrates this information into office tools like Office 365, Slack and Google Workplace. Ultimately, Cloverleaf pushes employees to do their best work by encouraging effective communication, emphasizing each member's unique value, and providing human coaching when needed. Cloverleaf is available for individuals, teams, enterprises, coaches and consultants. It offers pricing plans for each of these user categories, including a \$12-per-month plan for individuals and a \$10-per-month-per-user plan for teams. Cloverleaf is currently working with 600,000 individual users and has become fundamental to companies such as Chick-fil-A, UPS and Philips. In early June, Cloverleaf closed a \$9 million Series A funding led by Origin Ventures.

## G R O W T H S P A C E

New York-based **GrowthSpace** is an employee development platform that provides one-on-one employee training and learning and development programs that help employees gain new skills, work on personal challenges, and improve core competencies. GrowthSpace makes the entire employee development universe, including one-to-one mentoring, coaching and group sessions, accessible in its platform with features that include a cloud-based dashboard clients use to initiate and monitor employee development programs. Its artificial-intelligence-powered algorithm identifies employee and group development needs and matches them with relevant experts, which can be other employees or external trainers, group facilitators, mentors or coaches. GrowthSpace recruits both internal and external experts and handles their sales, billing and scheduling as needed. Since its founding in 2018, GrowthSpace has grown to over a thousand experts and serves organizations in more than 40 countries. Its clients include Applied Materials, Johnson &

Johnson, Siemens, Palo Alto Networks and Ernst & Young. In September 2021, it announced a \$15 million Series A funding led by Microsoft's M12 venture fund.



Columbus, Ohio-based **MentorcliQ** provides employee mentoring software that helps organizations launch, support and grow high-impact employee mentoring programs. The software helps companies engage, develop and retain employees with mentoring programs that can be run enterprise-wide and allow open access to anyone or can be more targeted within specific areas such as career development, functional development, and diversity and inclusion. Its offering includes an intelligent proprietary matching algorithm, reports, and training and support. It also includes a smartphone app that provides easy access to mentoring for employees working remotely and in disparate offices and locations. MentorcliQ supports mentoring programs for more than 2 million employees across more than 100 countries. Customers include Huntington Bank, Goodyear, Automatic Data Processing, Deloitte and JPMorgan Chase.



Chicago-based **Qooper's** software enables organizations including corporations, universities and professional associations to develop and run structured, scalable and measurable mentoring programs. The software helps with program design, mentor matching, training, follow-up, tracking and reporting. It also offers solutions for peer coaching and learning, including peer-to-peer learning, knowledge sharing and e-learning. The software integrates with most major workplace communication and collaboration tools and provides analytics, surveys and insights into relationship progress that demonstrate return on investment. The company lists logos including the U.S. Air Force, Merck and Subaru.



Pittsburgh-based **TalkMeUp** provides software that helps organizations improve their employees' communication skills. Users speak into their smartphones' camera and microphone or upload recordings of themselves and receive instant scenario-specific analysis of their communications' effectiveness with feedback including perceived confidence, eye contact, enthusiasm, tone and facial expression. They can improve their skills with TalkMeUp's training courses. For employers, TalkMeUp's solution eliminates the need for time-consuming manual reviewing and scoring of videos and provides accurate, measurable and consistent results across 16 key communication metrics. The company offers TalkMeUp to individuals for free and to businesses for \$58 per month per seat for one to five people and at volume pricing levels for larger teams. TalkMeUp began as an artificial-intelligence-based communication skills solution to help graduate students prepare for presentations, interview with prospective employers, and generally provide a platform to improve communication skills as they moved into the business world.

## Ten Thousand Coffees

Toronto-based **Ten Thousand Coffees** is a mentoring, networking and informal talent development platform that connects employees to peers and leaders to drive engagement, retention and inclusion. Key functions include creating guided mentorship programs with automated pairings and reminders, tools to automatically connect each new hire with colleagues and leaders, and the ability to create informal interactions that give employees opportunities to collaborate and network across remote, in-person and hybrid work environments. While clients can develop programs tailored to their own needs, Ten Thousand Coffees also offers off-the-shelf programs such as an early-career focused program, a leadership program, and a women-in-leadership program. Its dashboard provides engagement data such as how many employees have made a new connection or



participated in a roundtable with leadership and how participants have rated their experiences. Clients include IBM, Ernst & Young, CapitalOne, Cigna and McKesson.



Toronto-based **Together Software** is a mentorship platform that intelligently matches employees with the best people in their organizations for them to learn from. Key features include employee registration, a pairing algorithm that matches employees with mentors based on goals and skills, mentor meeting scheduling, monitoring tools that flag and help resolve matches that aren't meeting or have lower session scores, and reporting tools for tracking signups, participation rates, goal completions, session feedback and pairing relevancy. Together offers a free trial and pricing tiers including starter at \$6 per month per user, professional starting at \$5,000 per year, and enterprise starting at \$10,000 per

year. Together's clients include The Kellogg Company, Teladoc, Avison Young, New York Life, 7-Eleven and the American Automobile Association. In January, Together announced it raised \$5 million from AltaIR Capital.

## COMPELLING SOLUTIONS IN THE WAR FOR TALENT

With little prospect that recruiting and retaining appropriately skilled talent will become substantially easier in the coming years, software-based solutions that help optimize the skills of existing workforces and better engage them are key tools in the war for talent. Among these solutions, the highly individualized coaching and mentoring programs enabled by today's technology can be particularly effective. As employers increasingly adopt these programs, both they and their employees should enjoy better outcomes: Success in achieving business objectives for companies and more rewarding work experiences for employees.

# Future of work index falls with Nasdaq and S&P 500

The First Analysis Future of Work Index finished the one-year period ended June 24 down 17.3%, the opposite of what we saw in our early December report, when the future of work index had gained 17 points over the prior year. In that December report, the future

of work index underperformed the Nasdaq and the S&P 500 by a wide margin; however, in the current period it modestly outperformed the Nasdaq while still lagging the S&P 500 by about 9 points.

## Future of work public comparables\*

(\$ in millions)

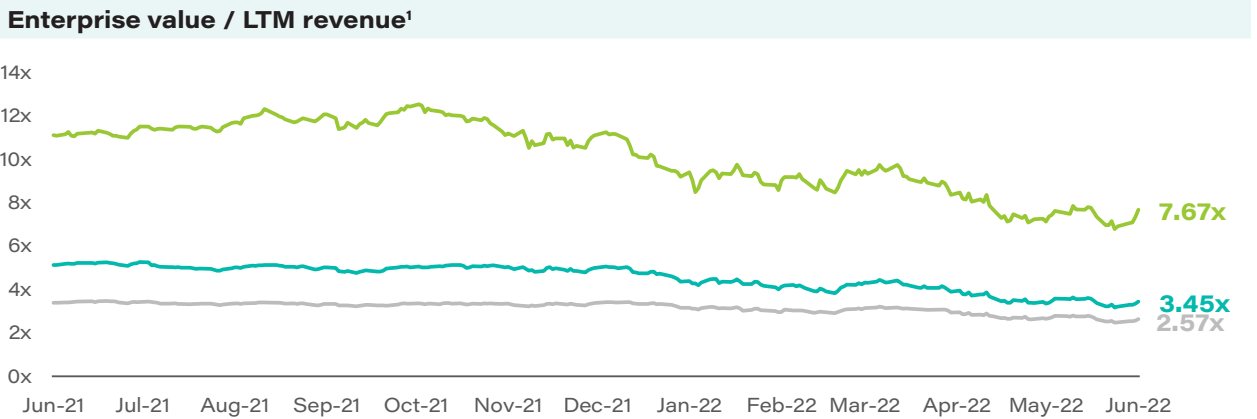
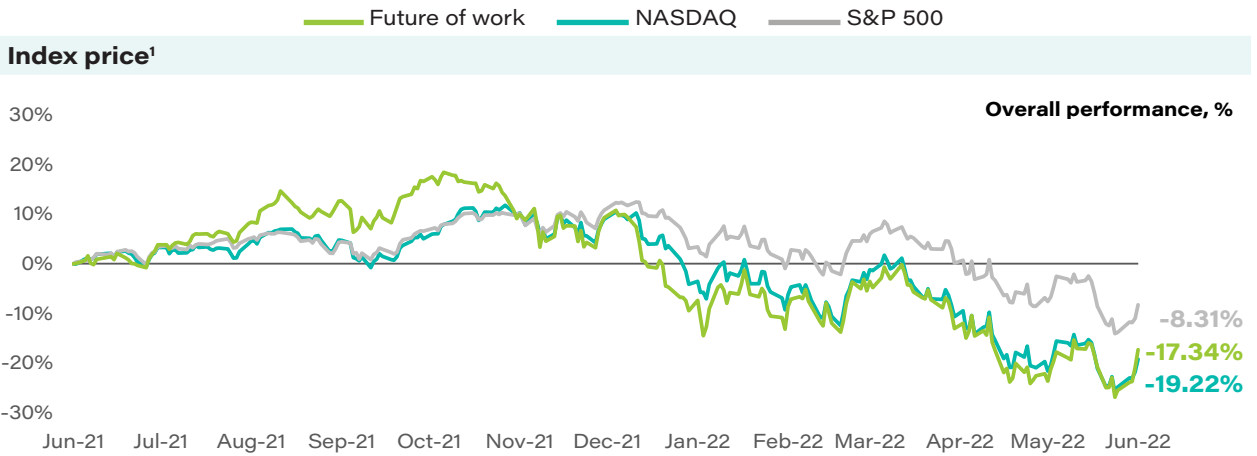
Company	Revenue growth					Enterprise value /			
	LTM revenue	2021A - 2022E	2022E - 2023E	LTM gross margin	LTM EBITDA margin	Revenue		EBITDA <sup>1</sup>	
						2022E	2023E	2022E	2023E
2U (TWOU)	\$966.5	12.9%	12.3%	71.5%	(4.1%)	1.51x	1.35x	19.1x	13.2x
Accolade (ACCD)	\$310.0	26.8%	12.3%	45.5%	(38.0%)	1.46x	1.30x	NMF	NMF
Asure Software (ASUR)	\$80.6	17.1%	8.0%	61.5%	4.2%	1.61x	1.49x	16.2x	12.7x
Automatic Data Processing (ADP)	\$16,107.6	7.9%	6.9%	44.9%	26.2%	5.50x	5.15x	21.3x	19.0x
Benefitfocus (BNFT)	\$259.3	(3.3%)	2.9%	52.2%	6.0%	1.98x	1.92x	10.9x	10.4x
Ceridian HCM Holding (CDAY)	\$1,083.0	19.0%	17.2%	42.6%	0.7%	7.21x	6.15x	44.2x	35.3x
Chegg (CHGG)	\$780.1	(2.7%)	9.9%	69.4%	19.2%	3.90x	3.55x	12.9x	10.9x
Coursera (COUR)	\$447.4	30.8%	24.8%	62.1%	(35.3%)	2.77x	2.22x	NMF	NMF
Duolingo (DUOL)	\$276.6	41.2%	27.1%	72.7%	(22.5%)	9.71x	7.64x	NMF	NMF
Fiverr International (FVRR)	\$316.0	19.6%	22.8%	81.9%	(12.8%)	3.63x	2.96x	NMF	33.8x
HealthEquity (HQY)	\$778.0	9.9%	10.2%	55.5%	22.4%	7.80x	7.07x	25.5x	21.4x
HireRight (HRT)	\$779.2	12.8%	7.0%	44.4%	19.2%	2.24x	2.09x	9.6x	8.3x
Instructure (INST)	\$424.8	14.5%	11.4%	61.2%	28.7%	7.73x	6.94x	21.4x	18.9x
Momentive Global (MNTV)	\$458.5	12.1%	14.6%	83.5%	(14.5%)	3.20x	2.79x	26.2x	17.0x
Paychex (PAYX)	\$4,496.6	9.1%	6.8%	70.8%	44.3%	9.25x	8.66x	21.0x	19.4x
Paycom Software (PAYC)	\$1,136.8	26.4%	23.0%	87.7%	28.4%	13.14x	10.68x	32.8x	26.4x
Paycor HCM (PYCR)	\$406.4	18.5%	17.1%	58.2%	(5.5%)	10.69x	9.13x	46.0x	34.0x
Paylocity Holding (PCTY)	\$791.2	27.4%	22.0%	66.1%	12.4%	10.94x	8.97x	40.5x	32.3x
PowerSchool (PWSC)	\$590.0	12.1%	10.2%	66.1%	12.7%	5.25x	4.76x	17.9x	15.8x
Qualtrics International (XM)	\$1,172.7	32.8%	23.1%	72.5%	(91.6%)	5.59x	4.54x	NMF	NMF
ServiceNow (NOW)	\$6,258.0	26.0%	24.9%	77.3%	11.4%	13.36x	10.69x	42.8x	33.6x
Skillssoft (SKIL)	\$641.6	18.7%	8.0%	70.4%	19.4%	1.70x	1.57x	7.7x	6.8x
Stride (LRN)	\$1,629.0	6.5%	5.7%	34.4%	11.5%	1.01x	0.95x	6.1x	5.5x
Udemy (UDMY)	\$543.3	21.2%	22.8%	55.0%	(14.7%)	1.80x	1.46x	NMF	NMF
Upwork (UPWK)	\$530.5	19.5%	25.1%	73.0%	(10.9%)	4.64x	3.71x	NMF	NMF
Workday (WDAY)	\$5,398.4	20.7%	19.4%	72.3%	3.7%	5.93x	4.96x	23.9x	18.5x
<b>Average</b>	<b>\$1,794.7</b>	<b>17.6%</b>	<b>15.2%</b>	<b>63.6%</b>	<b>0.8%</b>	<b>5.52x</b>	<b>4.72x</b>	<b>23.5x</b>	<b>19.7x</b>
<b>Median</b>	<b>\$709.8</b>	<b>18.6%</b>	<b>13.5%</b>	<b>66.1%</b>	<b>5.1%</b>	<b>4.94x</b>	<b>4.12x</b>	<b>21.3x</b>	<b>18.7x</b>

Source: Capital IQ, First Analysis.

Notes: \* Public comparable company data shown above is as of June 24, 2022.

(1) EBITDA multiples less than 0 and greater than 50 labeled "not meaningful" (NMF). LTM = last 12 months. EBITDA = earnings before interest, taxes, depreciation and amortization.

## First Analysis Future of Work Index 1-year performance



**Source:** Capital IQ.

**Notes:** (1) Index performance is based on market cap weighted constituents. For the period from June 24, 2021, through June 24, 2022.

Of the 20 First Analysis future of work stocks that were publicly traded a year ago, 17 were down over the period. Nine declined by more than 50%, led by Accolade (ACCD), down 85%. The two largest gainers of the group were Paychex (PAYX), up 17.4%, and Automatic Data Processing (ADP), up 11.6%. Workday (WDAY), which accounted for 14.6% of the future of work index total market capitalization at the beginning of the period and was down 37% over the period, accounted for more than 5 points of the index's loss. The next largest contributors on a market-cap-weighted basis – Qualtrics International (XM) and ServiceNow (NOW) – together accounted for about 6 points of the loss.

The index's enterprise value multiple of trailing-12-month revenue as of June 24 was 7.7, down from 10.9 in our last report in early December and still well above Nasdaq's 3.5. Regarding forward multiples, the average and median enterprise value multiples of 2022

estimated revenue were down, coming in at 5.5 and 4.9 versus 8.2 and 6.7 in our December report. Freelance marketplace Fiverr (FVRR) saw the largest magnitude change in enterprise value multiple of 2022 estimated revenue since our December report, dropping from 13.6 to 3.6. Teaching and learning marketplace Udemy (UDMY) saw the second-greatest change, dropping from 6.0 to 1.8. The average 2022 estimated revenue growth rate for the group was 17.6% versus 16.9% in our November report.

The metrics above for the current period reflect the addition of Qualtrics International, which provides software to manage and improve four core business experiences (customer, employee, product and brand), and Skillsoft (SKIL), a leading provider of corporate digital learning technology and services in the U.S. and internationally. No companies were removed from the index.

# Q2 future-of-work M&A in line with recent levels

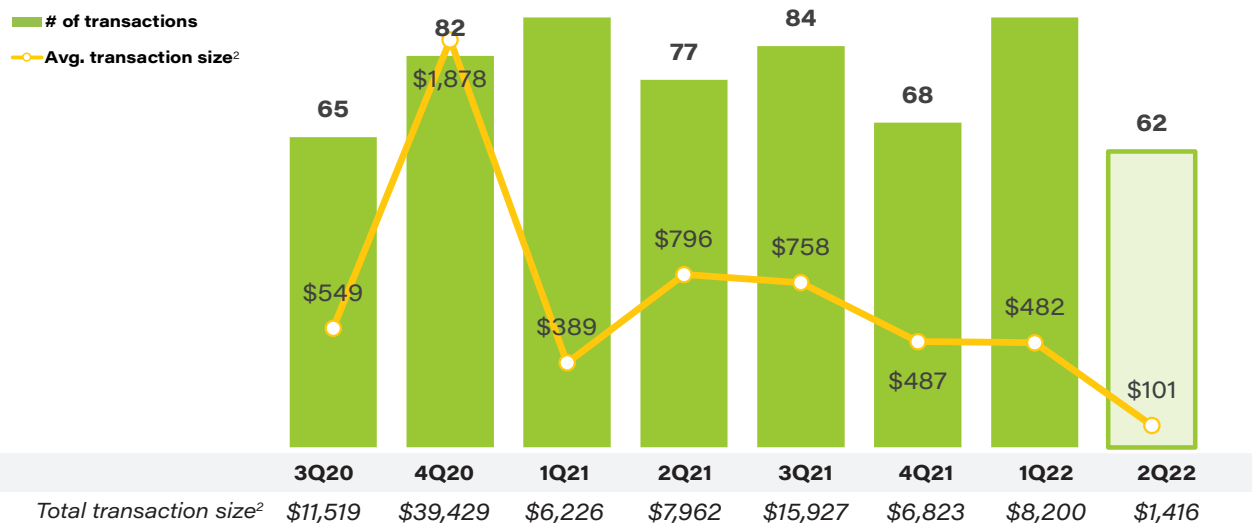
With 62 future of work transactions through June 15, the pace of M&A activity in the second quarter appears on track to be within the range seen over the past two years.

Among the more notable transactions was ServiceNow's (NOW) June 3 announcement it would acquire skills mapping and analytics company Hitch Works, representing a step into the human resources technology space as ServiceNow looks to integrate the talent supply chain into its broader workflow solutions. Hitch is a SaaS solution for internal talent mobility. Its software helps companies become more adaptive and innovative by connecting talent with tasks or roles based on employee skills, experiences, career goals and location. Terms of the transaction have not been disclosed.

Additionally, we highlight two acquisitions by Cornerstone OnDemand, which was taken private by Clearlake Capital last year. In mid-March, Cornerstone announced it would acquire EdCast, a large player in talent experience management. This was Cornerstone's first acquisition since going private. The transaction builds on Cornerstone's leadership in learning management software to extend into talent technology. In mid-June, Cornerstone announced it would acquire SumTotal from Skillsoft (SKIL) for \$200 million, further broadening its learning and talent management technology presence. SumTotal provides talent acquisition, onboarding, learning management and talent management solutions.

## Future of work M&A 3Q20 - 2Q22<sup>1</sup>

(\$ in millions)



**Source:** Capital IQ, Pitchbook, First Analysis.

**Notes:** (1) 2Q22 includes reported transactions through June 15, 2022.

(2) Average and total transaction size considers only those transactions with reported enterprise values.

## Select recent M&A transactions (sorted by date of announcement)

(\$ in millions)

Date	Target	Target business description	Buyer	Enterprise value	Enterprise value/rev
6/13/2022	SumTotal	Talent acquisition, onboarding, learning management and talent management solutions	Cornerstone On-Demand	\$200.0	Undisclosed
6/9/2022	Boclips	Educational video platform for courseware providers to find, license and use videos in their digital courses and textbooks	Achieve Partners	Undisclosed	Undisclosed
6/3/2022	Hitch Works	SaaS platform for internal talent mobility	ServiceNow (NOW)	Undisclosed	Undisclosed
6/1/2022	Billie	Solution that uses gamification to engage employees, modernize a company's workspace reservation system and allow real-time feedback	Tango	Undisclosed	Undisclosed
5/24/2022	TutorMe	Online tutoring solution	Liminex	\$55.0	Undisclosed
5/19/2022	Collaborate	Enterprise technology and solutions for the education industry	Class Technologies	\$210.0	Undisclosed
5/18/2022	Desmos	Web-based graphing calculator for students and teachers	Amplify Education	Undisclosed	Undisclosed
5/18/2022	The Enablement Squad	Online platform that allows users to engage, educate and empower enablement leaders	WorkRamp	Undisclosed	Undisclosed
5/17/2022	TalentWall	Web-based recruiting analytics platform for recruiters, hiring managers and executives	CrossChq	Undisclosed	Undisclosed
5/4/2022	Yva.ai	AI-based predictive analytics platform that analyzes the digital behavior of employees and provides insights that improve retention rate and business performance	Visier	Undisclosed	Undisclosed
5/2/2022	Comparably	Online platform that provides comprehensive compensation and culture data to make workplaces transparent and rewarding for both employees and employers	ZoomInfo (ZI)	Undisclosed	Undisclosed
4/29/2022	Mondly	Online language learning platform	Pearson	Undisclosed	Undisclosed
4/26/2022	Flux Work	Internal mobility platform that engages, rotates and retains workforce	Beamery	Undisclosed	Undisclosed
4/21/2022	Interfolio	Online platform that offers higher education credential management and decision making services for academic committees and graduate schools	Elsevier	Undisclosed	Undisclosed
4/14/2022	Hyrell	Applicant tracking system software	Hireology	Undisclosed	Undisclosed
4/13/2022	Spark451	Enrollment strategy, marketing and technology firm focused on the higher education market	Jenzabar	Undisclosed	Undisclosed
4/12/2022	GoodHire	Employment background checks and screening services for employers	Checkr	Undisclosed	Undisclosed
4/12/2022	Coorpacademy	Online corporate training courses and learning solutions	Go1	Undisclosed	Undisclosed
4/6/2022	Rainmaker Labs	Career marketplace that connects salespeople with companies	Hirewell	Undisclosed	Undisclosed
4/5/2022	PayFlex	Provider of health savings accounts and consumer-directed benefit administration solutions	Millennium Trust	Undisclosed	Undisclosed
3/30/2022	Gather	Software to help Slack-based teams coordinate their onboarding, offboarding, employee milestones, and internal communications	ChartHop	Undisclosed	Undisclosed
3/29/2022	Candidate ID	Marketing automation software for talent acquisition professionals	iCIMS	Undisclosed	Undisclosed
3/17/2022	EdCast	AI-powered cloud-based knowledge talent experience platforms designed to enable end-to-end employee journeys spanning learning and career mobility	Cornerstone On-Demand	Undisclosed	Undisclosed

**Source:** Capital IQ, First Analysis.

# Q2 future-of-work private placement activity slows

With 161 future of work private placements through June 23, the pace of transactions in the second quarter appears to have slowed from the last two quarters. We highlight two transactions since our last report.

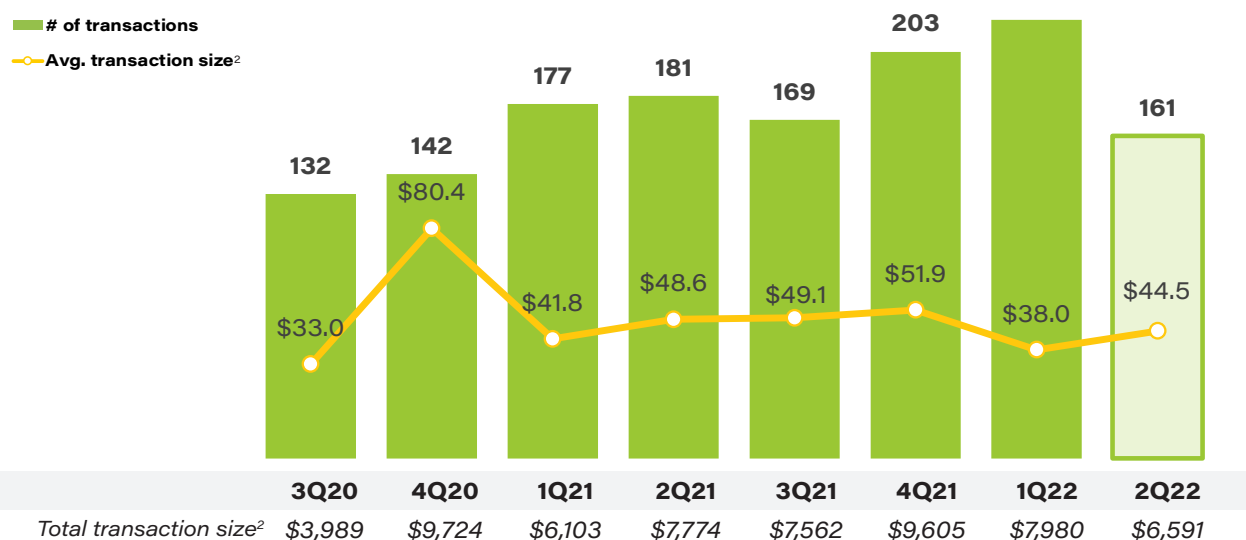
In mid-June, CoachHub, a digital learning and cloud coaching platform, announced it raised \$200 million in a Series C funding led by Sofina and SoftBank Vision Fund 2, bringing CoachHub's total funding to \$330 million. The transaction highlights the strong demand for individualized mentoring and coaching, as discussed in detail in the introduction of this report. CoachHub provides talent development software that enables organizations to create personalized, measurable and scalable coaching programs for their entire workforces. With the new funding, CoachHub plans to

increase its headcount from 850 worldwide employees to more than 1,000 by the end of the year and to particularly focus on expanding in the United States.

In mid-May, workforce management software provider Velocity Global announced a \$400 million Series B funding led by Eldridge and Norwest Venture Partners. Velocity offers a suite of talent solutions, including global employer of record and contractor management software, to help companies onboard, manage and pay talent in more than 185 countries and throughout the United States. We believe this type of technology will be increasingly important as enterprise workforces continue to become more distributed in a post-pandemic world.

## Future of work private placements 3Q20 - 2Q22<sup>1</sup>

(\$ in millions)



**Source:** Capital IQ, Pitchbook, First Analysis.

**Notes:** (1) 2Q22 includes reported transactions through June 15, 2022.  
 (2) Average and total transaction size considers only those transactions with reported enterprise values.

## Select recent private placements (sorted by date of announcement)

(\$ in millions)

Date	Company	Business description	Investors	Raise type	Amount raised	Total amount raised
6/15/2022	upGrad Education	Online higher education platform professionals can use to increase their skills while they work	Temasek; Educational Testing Service; Lupa Systems	Growth	\$225.0	\$473.3
6/15/2022	Fountain	Hiring automation software solution that automates and configures every stage of hiring processes	DCM Ventures; Origin Ventures; Uncork Capital; Mirae Asset Venture; Commerce Ventures; B Capital Group; SoftBank; SoftBank Vision Fund 2; SemperVirens VC	Series C	\$100.0	\$225.0
6/14/2022	CoachHub	Digital learning and cloud coaching platform	Molten Ventures; Silicon Valley BancVentures; HV Capital; Sofina Société Anonyme; Speedinvest; SoftBank; signals Venture; SoftBank Vision Fund 2	Series C	\$200.0	\$330.0
6/14/2022	Performio	Incentive compensation management software	JMI Management	Growth	\$75.0	\$75.0
6/13/2022	TestGorilla	Pre-employment test platform for human resource industry	Atomico; Balderton Capital	Series A	\$70.0	\$81.1
6/8/2022	Multiverse Group	Apprentice hiring and corporate training platform	Index Ventures; General Catalyst; Lightspeed Ventures; StepStone; GV Mgmt; Founders Circle; D1 Capital; Bond Capital; Audacious Ventures	Series D	\$220.8	\$414.9
6/6/2022	Go1	Comprehensive learning and development library for enterprises	Madrona Venture Group; Five Sigma; Blue Cloud Ventures; AirTree Ventures; Salesforce Ventures; SoftBank; SoftBank Vision Fund 2	Growth	\$100.0	\$400.0
6/2/2022	Guild Education	Online courses, workshops and other educational programs and events for upskilling working adults	Deer; Redpoint; General Catalyst; Wellington; Bon Secours Mercy Health; Felicis Ventures; SVB Silicon Valley Bank; Citi Ventures; Iconiq Capital; FuturePerfect Ventures; D1 Capital Partners; Citi Impact Fund	Series F	\$175.0	\$695.0
5/18/2022	Velocity Global	Services to enable businesses to employ remote teams and expand internationally	Norwest Venture Partners; Eldridge	Series B	\$400.0	\$500.0
5/18/2022	Spark Innovation	Online professional training platform	Target Germanium; Group 11; TDJ Pitango Ventures; Dynamic Loop Capital	Seed	\$100.0	\$125.0
5/17/2022	ATeams	On-demand team formation platform	Insight Venture; Tiger Global; Spruce Capital	Series A	\$55.0	\$55.0
5/11/2022	Rippling	Unified workforce management platform	Kleiner Perkins Caufield & Byers; Sequoia Capital; Y Combinator; Bedrock Capital	Series D	\$250.0	\$740.5

## Select recent private placements (sorted by date of announcement)

(\$ in millions)

Date	Company	Business description	Investors	Raise type	Amount raised	Total amount raised
5/10/2022	Gusto	Cloud-based payroll and human resources software for small businesses	Glynn Capital; T. Rowe Price; Franklin Resources; General Catalyst; Emergence Equity; Fidelity; Sands Capital; Cross Creek Advisors; Generation Investment; Dragoneer Investment; Emerson Collective; 137 Ventures; aCrew Capital; Durable Capital; Friends & Family Capital; Acrew Diversify Capital	Series E	\$55.0	\$735.9
4/26/2022	Aztec Software	Educational software company focused on the adult education and workforce training and certification markets	NexPhase Capital	Growth	Undisclosed	Undisclosed
4/26/2022	Vivian Health	Healthcare jobs marketplace	Thoma Bravo; Collaborative Fund; IAC/InterActiveCorp	Growth	\$60.0	Undisclosed
4/20/2022	Oyster HR	Human resource platform for global employment, multi-country payroll and localized benefits	Emergence Equity; LinkedIn; Stripes Group; Georgian; Okta; Endeavor Catalyst; Salesforce Ventures; Slack Technologies; Slack Fund; Base10 Partners; People Tech Partners; PayPal Ventures; Avid Ventures; HR Tech Investments	Series C	\$150.0	\$175.2
4/13/2022	Wagestream	Employee financial well-being app that syncs with payroll systems and allows employees to access and manage their income	BlackRock; Northzone Ventures; Balderton Capital; Ascension Ventures; Fair By Design; Smash Capital	Series C	\$175.0	Undisclosed
4/12/2022	Beqom	Platform for employee compensation management and performance software	Sumeru Equity Partners	Growth	\$300.0	\$300.0
4/6/2022	IntelyCare	On-demand staffing services for healthcare organizations	Kaiser Permanente Ventures; Endeavour Vision; Longitude Capital; Revelation Partners; Janus Henderson Investors; Leeds Illuminate	Series C	\$115.0	\$174.6
4/5/2022	Remote Technology	Payroll, benefits, compliance and tax related services through its human resource technology platform	Accel Partners; Adams Street Partners; Sequoia Capital; Index Ventures; General Catalyst; Two Sigma Ventures; SoftBank; Gaingels; Base <sup>1</sup> Partners; 9Yards Capital; SoftBank Vision Fund 2	Series C	\$300.0	\$495.6
3/31/2022	Chief	Private membership network focused on connecting and supporting women leaders	General Catalyst; GGV Capital; Primary Venture; Flybridge Capital; Box-Group Services; CapitalG; Inspired Capital	Series B	\$100.0	\$139.8
3/29/2022	HackerRank	Coding skills development and assessment platform	JMI; Recruit; Khosla Ventures; Susquehanna Growth Equity; Randstad Innovation Fund	Series D	\$60.0	\$115.0



## Select recent private placements (sorted by date of announcement)

(\$ in millions)

Date	Company	Business description	Investors	Raise type	Amount raised	Total amount raised
3/24/2022	Osso VR	Virtual reality surgical training platform for orthopedic and other medical specialties	Kaiser Permanente Ventures; Tiger Global; Oak HC/FT Partners; Signal-fire; GSR Ventures	Series C	\$66.0	\$109.4
3/23/2022	Lucca	SaaS-based human resources and payroll management solution	One Peak Partners	Series A	\$71.5	\$71.5
3/22/2022	Omnipresent Group	Employment, payroll and benefits services for international teams	Kinnevik; Tencent; Uncorrelated Ventures	Series B	\$120.1	\$137.2
3/16/2022	Talent.com	Recruitment platform that centralizes all jobs available on the web, companies' career websites, staffing agencies and job boards	HarbourVest Partners; BDC Capital; Caisse de dépôt et placement du Québec; Fondaction; Inovia Capital; Investissement Québec; Climb Ventures	Series B	\$120.0	Undisclosed
3/15/2022	Staffbase	Enterprise employee communications management solutions	General Atlantic; Insight Venture Management	Series E	\$115.0	\$306.8
3/15/2022	Multiplier Technologies	Professional employment organization platform that simplifies international hiring	Sequoia; Tiger Global Management; DST Global; Internet Fund VII	Series B	\$60.0	\$64.0
3/11/2022	BYJU	Online educational services in India	BlackRock; Vitruvian Partners; Sumeru Ventures	Growth	\$795.8	\$2,786.4
3/9/2022	Branch Messenger	Online employer-to-employee payments platform that provides a financial wellness path for employees	General Atlantic; Indeed; Crosscut Ventures; Drive Capital; Addition Ventures	Series C	\$75.0	\$161.1
3/2/2022	Connecteam	Tools that enable businesses to create their own smartphone applications to inform, train, supervise and manage their employees	Insight Venture; Stripes Group; Tiger Global; Qumra Capital; O.G. Tech Partners	Series C	\$120.0	\$158.0

**Source:** Capital IQ, First Analysis.

## Future of work public comparables appendix

(\$ in millions)

Company	Market cap	Enterprise value	LTM revenue	Revenue growth				Enterprise value /			
				2021A - 2022E	2022E - 2023E	LTM gross margin	LTM EBITDA margin	Revenue		EBITDA <sup>1</sup>	
								2022E	2023E	2022E	2023E
2U (TWOU)	\$786.9	\$1,615.4	\$966.5	12.9%	12.3%	71.5%	(4.1%)	1.51x	1.35x	19.1x	13.2x
Accolade (ACCD)	\$554.5	\$509.0	\$310.0	26.8%	12.3%	45.5%	(38.0%)	1.46x	1.30x	NMF	NMF
Asure Software (ASUR)	\$114.2	\$143.7	\$80.6	17.1%	8.0%	61.5%	4.2%	1.61x	1.49x	16.2x	12.7x
Automatic Data Processing (ADP)	\$91,398.9	\$93,175.6	\$16,107.6	7.9%	6.9%	44.9%	26.2%	5.50x	5.15x	21.3x	19.0x
Benefitfocus (BNFT)	\$283.1	\$503.3	\$259.3	(3.3%)	2.9%	52.2%	6.0%	1.98x	1.92x	10.9x	10.4x
Ceridian HCM Holding (CDAY)	\$7,874.9	\$8,786.4	\$1,083.0	19.0%	17.2%	42.6%	0.7%	7.21x	6.15x	44.2x	35.3x
Chegg (CHGG)	\$2,441.1	\$2,949.9	\$780.1	(2.7%)	9.9%	69.4%	19.2%	3.90x	3.55x	12.9x	10.9x
Coursera (COUR)	\$2,264.5	\$1,502.4	\$447.4	30.8%	24.8%	62.1%	(35.3%)	2.77x	2.22x	NMF	NMF
Duolingo (DUOL)	\$3,983.9	\$3,438.5	\$276.6	41.2%	27.1%	72.7%	(22.5%)	9.71x	7.64x	NMF	NMF
Fiverr International (FVRR)	\$1,465.2	\$1,292.3	\$316.0	19.6%	22.8%	81.9%	(12.8%)	3.63x	2.96x	NMF	33.8x
HealthEquity (HQY)	\$5,636.6	\$6,481.0	\$778.0	9.9%	10.2%	55.5%	22.4%	7.80x	7.07x	25.5x	21.4x
HireRight (HRT)	\$1,220.3	\$1,841.9	\$779.2	12.8%	7.0%	44.4%	19.2%	2.24x	2.09x	9.6x	8.3x
Instructure (INST)	\$3,169.0	\$3,590.5	\$424.8	14.5%	11.4%	61.2%	28.7%	7.73x	6.94x	21.4x	18.9x
Momentive Global (MNTV)	\$1,570.8	\$1,593.2	\$458.5	12.1%	14.6%	83.5%	(14.5%)	3.20x	2.79x	26.2x	17.0x
Paychex (PAYX)	\$44,199.4	\$43,731.5	\$4,496.6	9.1%	6.8%	70.8%	44.3%	9.25x	8.66x	21.0x	19.4x
Paycom Software (PAYC)	\$17,791.6	\$17,533.3	\$1,136.8	26.4%	23.0%	87.7%	28.4%	13.14x	10.68x	32.8x	26.4x
Paycor HCM (PYCR)	\$4,991.9	\$4,857.9	\$406.4	18.5%	17.1%	58.2%	(5.5%)	10.69x	9.13x	46.0x	34.0x
Paylocity Holding (PCTY)	\$10,210.2	\$10,193.2	\$791.2	27.4%	22.0%	66.1%	12.4%	10.94x	8.97x	40.5x	32.3x
PowerSchool (PWSC)	\$2,035.0	\$3,284.6	\$590.0	12.1%	10.2%	66.1%	12.7%	5.25x	4.76x	17.9x	15.8x
Qualtrics International (XM)	\$8,525.2	\$7,983.8	\$1,172.7	32.8%	23.1%	72.5%	(91.6%)	5.59x	4.54x	NMF	NMF
ServiceNow (NOW)	\$101,049.8	\$99,242.8	\$6,258.0	26.0%	24.9%	77.3%	11.4%	13.36x	10.69x	42.8x	33.6x
Skillsoft (SKIL)	\$701.7	\$1,294.2	\$641.6	18.7%	8.0%	70.4%	19.4%	1.70x	1.57x	7.7x	6.8x
Stride (LRN)	\$1,533.9	\$1,716.3	\$1,629.0	6.5%	5.7%	34.4%	11.5%	1.01x	0.95x	6.1x	5.5x
Udemy (UDMY)	\$1,615.8	\$1,123.4	\$543.3	21.2%	22.8%	55.0%	(14.7%)	1.80x	1.46x	NMF	NMF
Upwork (UPWK)	\$2,878.3	\$2,789.1	\$530.5	19.5%	25.1%	73.0%	(10.9%)	4.64x	3.71x	NMF	NMF
Workday (WDAY)	\$38,620.7	\$36,749.3	\$5,398.4	20.7%	19.4%	72.3%	3.7%	5.93x	4.96x	23.9x	18.5x
<b>Average</b>	<b>\$13,727.6</b>	<b>\$13,766.3</b>	<b>\$1,794.7</b>	<b>17.6%</b>	<b>15.2%</b>	<b>63.6%</b>	<b>0.8%</b>	<b>5.52x</b>	<b>4.72x</b>	<b>23.5x</b>	<b>19.7x</b>
<b>Median</b>	<b>\$2,659.7</b>	<b>\$3,117.3</b>	<b>\$709.8</b>	<b>18.6%</b>	<b>13.5%</b>	<b>66.1%</b>	<b>5.1%</b>	<b>4.94x</b>	<b>4.12x</b>	<b>21.3x</b>	<b>18.7x</b>

Source: Capital IQ, First Analysis.

Notes: \* Public comparable company data shown above is as of June 24, 2022.

(1) EBITDA multiples less than 0 and greater than 50 labeled "not meaningful" (NMF). LTM = last 12 months. EBITDA = earnings before interest, taxes, depreciation and amortization.

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