



# The Evolution of HCM

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2024 Asure Reseller Partner Conference

Presented by Pat Goepel, Chairman and CEO of Asure





**Pat Goepel**

Chairman and CEO, Asure

# Welcome to Evolve!

# Agenda

- The Evolution of HCM
- What that means for you
- Where is Asure headed?
- Excited to Evolve with you!





# The Evolution of HCM



**Mike Trahan**

**Paul Trahan**



# 1990's

## Simple Value-Prop:

- Compliant payroll taxes
- Save time by eliminating data entry and payroll calculation
- Secure check printing and payments with direct deposit



**Mike Trahan**

**Paul Trahan**



# 1990's

## Converting in-house clients:

- QuickBooks
- Peachtree
- Great Plains
- Red Wing
- PC/Payroll, etc.

## Started capturing churn:

- ADP
- Paychex
- MAS90, etc.

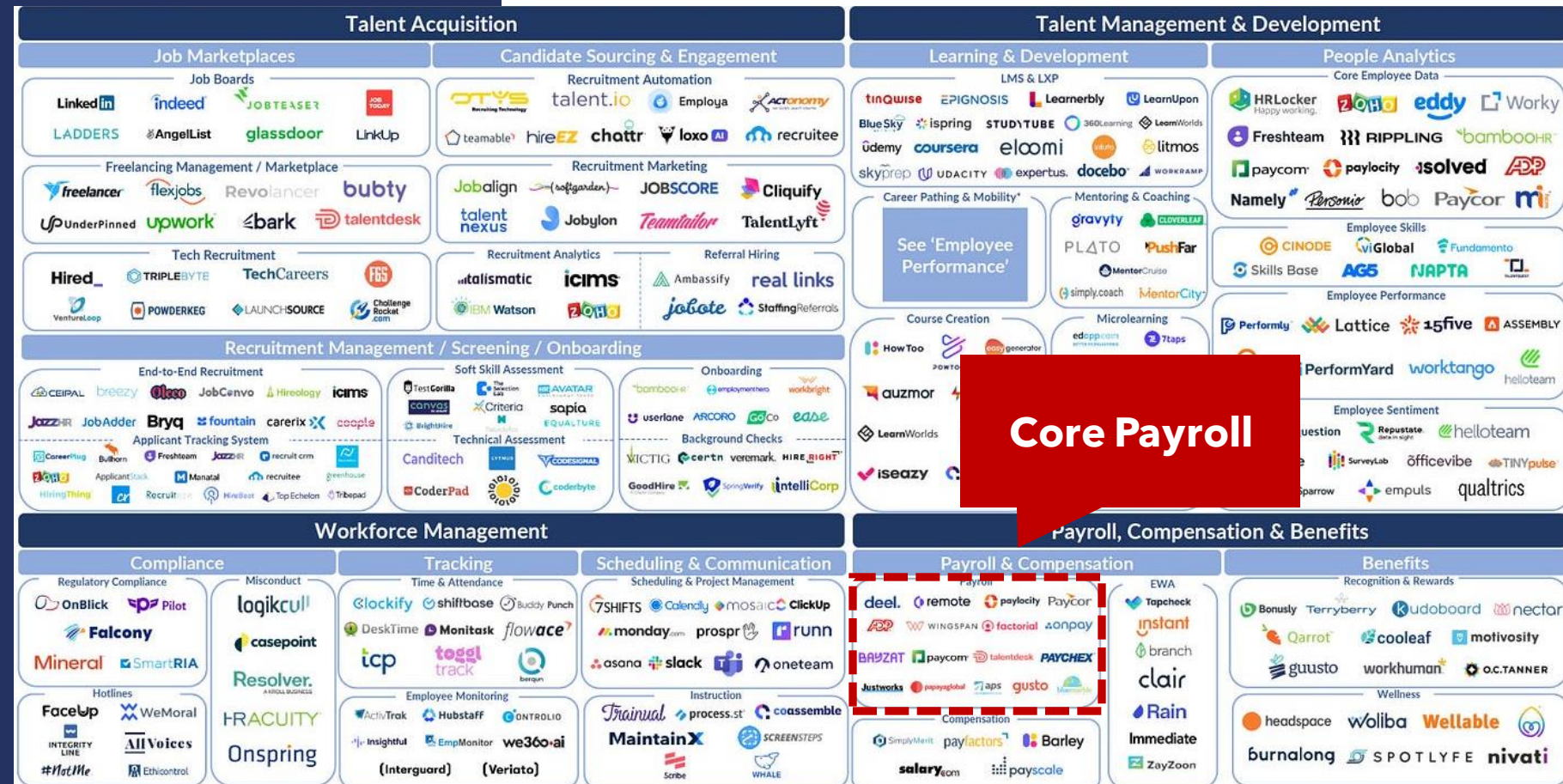


# 2000 - 2020

## HCM Solution Sets Go Wide

HCM vendors go wide adding 'hire to retire' capabilities in attempt to grab share-of-wallet and increase stickiness of core payroll.

CORE PAYROLL value becomes commoditized as on-time, accurate payroll becomes the new baseline for adding HCM services.



# 2000 - 2020

PEO growth validates employer's desire for simplified, one-stop-shopping for HCM

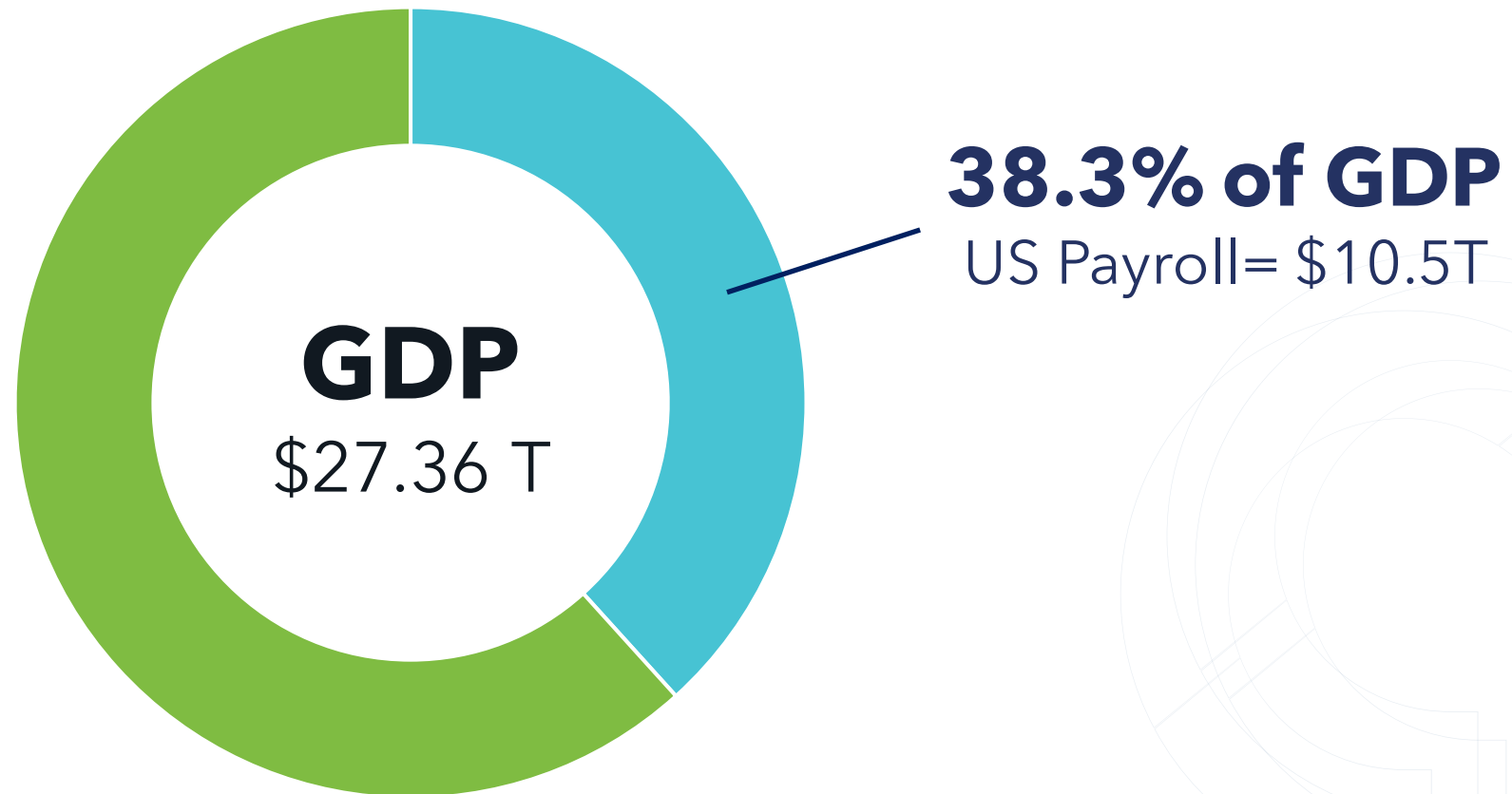
**PEO Growth**  
(# Work Site Employees)





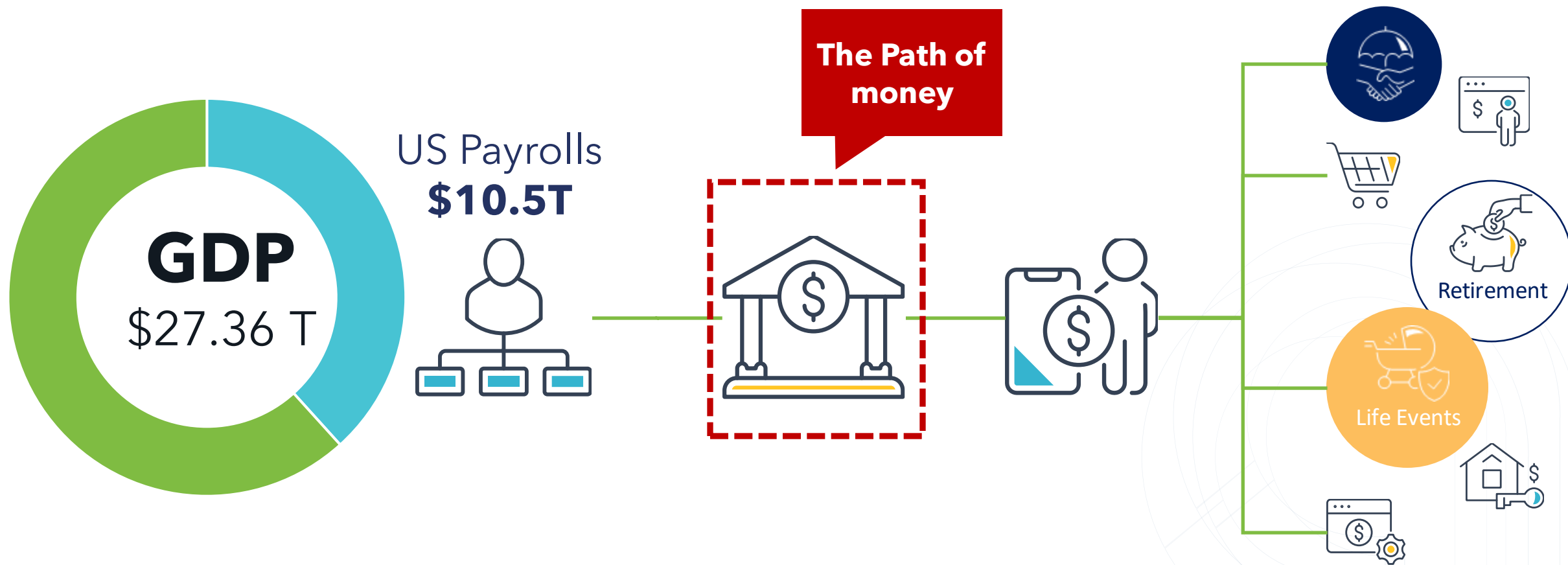
# What's the future of HCM?

Follow the money...

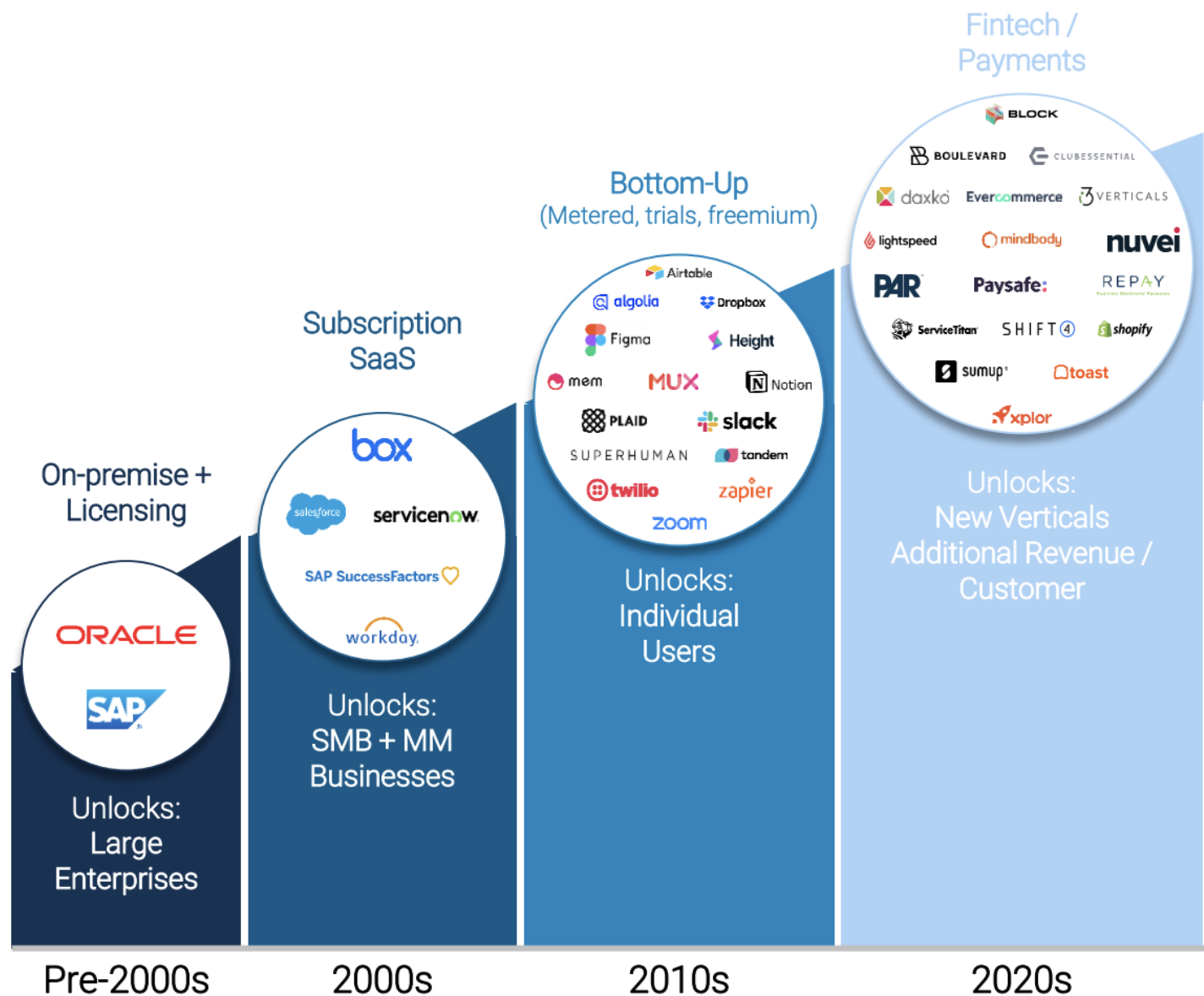


# What's the future of HCM?

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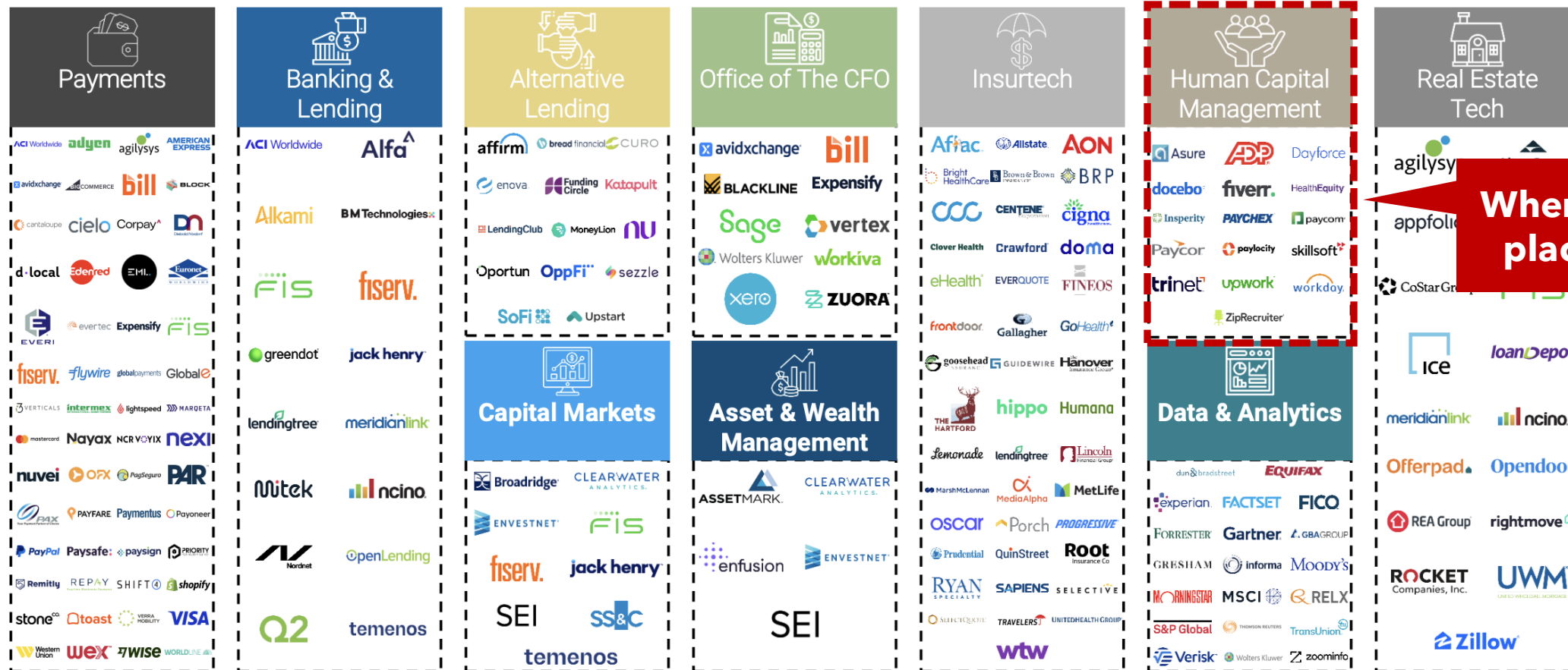




# The Evolution of Software Business Models

SOURCE: Jeffries

# HCM in a Fintech Universe...



**Where Fintech places HCM**

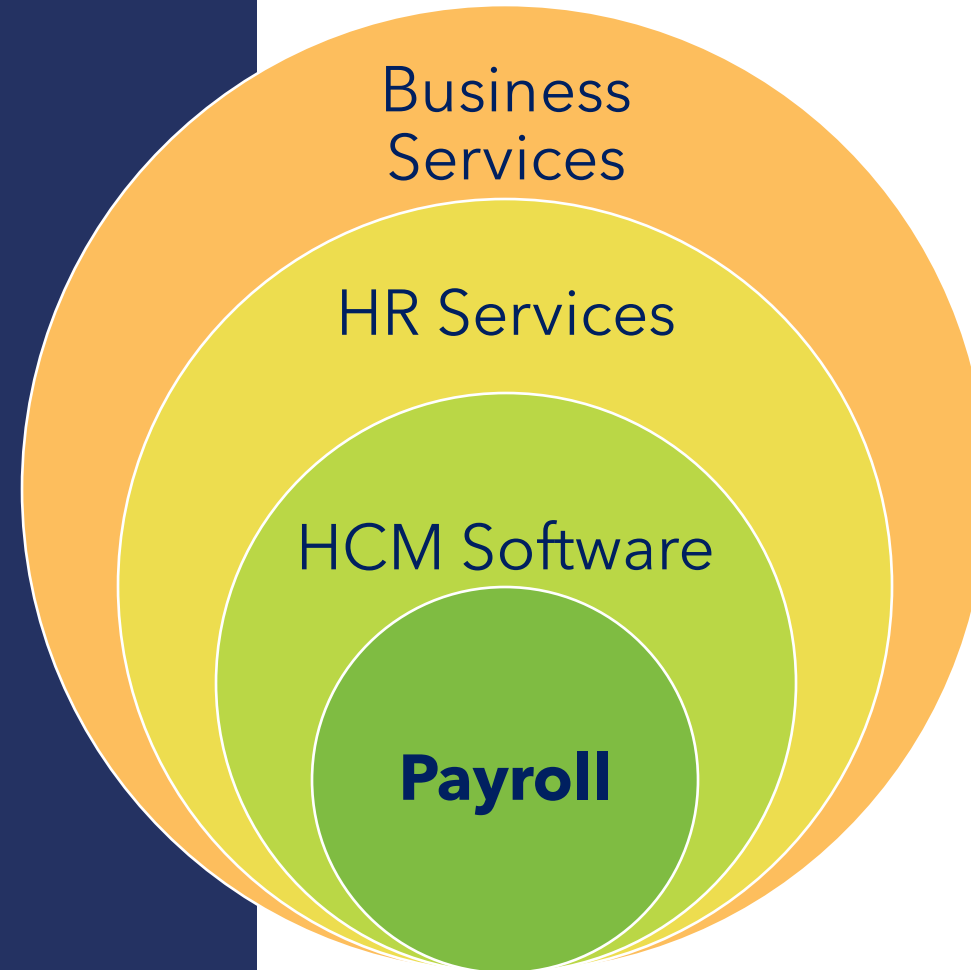
SOURCE: Jeffries



# Future of HCM

Fintech will further commoditize payroll processing in attempt to capture money movement.

The payroll reseller business model must shift from 'payroll-centric' to a 'payroll-core' with HCM software and wrapper of HR services





**What does this mean for you?**



# The Value of 'local expertise'

erodes as the world continues to flatten and payroll further commoditizes





# How can you add value and make money when Payroll is commoditized?

## Go Wide

Supporting employee lifecycle

- Payroll is still the core
- HCM software
- Discrete HR services
- BPO and ASO models

*or*

## Go Deep

Support an industry

- Payroll is still the core
- HCM with industry specific best practices
- ERP integration
- Vertical HR services
- Vertical expertise ASO



# Where is Asure going?



# Company Overview

Leading provider of Human Capital Management (HCM) software and services that help companies stay compliant, pay their employees, and save money.

 **Nasdaq : ASUR**



## By the Numbers

**\$125-\$129M**

FY2024  
Revenue  
Guidance<sup>(5)</sup>

**87%**

Recurring  
Revenue<sup>(2)</sup>

**20%-21%**

FY2024  
Adjusted EBITDA  
Margin Guidance<sup>(4)</sup>

**~100,000**

Clients  
Served

**~15%**

Direct  
Clients

**~1.7M**

Employees  
Served

**56%**

2023  
Bookings Growth

**93%**

LTM<sup>(3)</sup>  
Net Retention

**\$10B+**

Money  
Movement

## All 50 States

CLIENTS AND EMPLOYEES IN ALL  
50 STATES

## 8-10 Years

STICKY SOLUTIONS -  
CLIENTS STAY 8-10 YRS

## Diverse Client Base

NO GEOGRAPHIC OR INDUSTRY REVENUE  
CONCENTRATION

## Insider Ownership

HIGH INSIDER OWNERSHIP FOR  
PUBLIC COMPANY

(1) As of December 2023

(2) Average of 2022 and 2023

(3) LTM as of December 31, 2023

(4) Net income is the closest GAAP measure to Adjusted EBITDA. A reconciliation of GAAP to non-GAAP and Adjusted measures is contained in the Appendix to this presentation. Management does not provide a reconciliation of guidance of GAAP to non-GAAP or adjusted disclosures because management is unable to predict the nature and materiality of non-recurring expenses without unreasonable effort.

(5) Reflects management's current outlook for the business in 2024 and is subject to a number of internal assumptions that may not be realized, and risks and uncertainties.

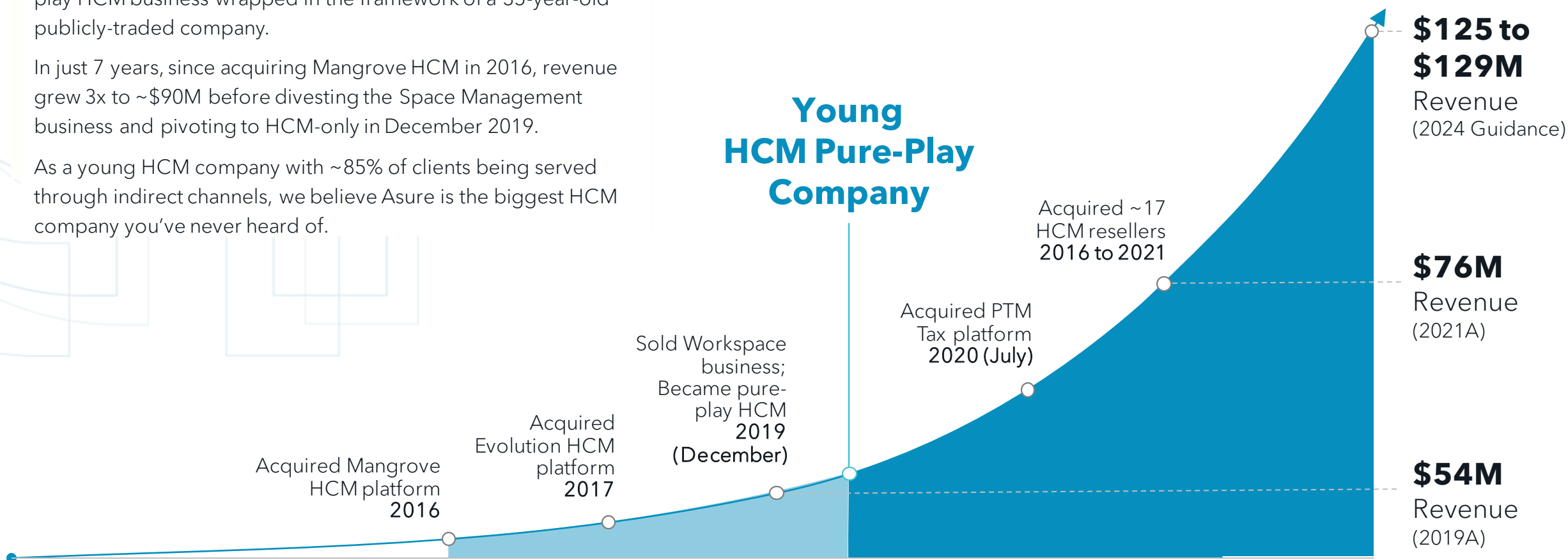
# Asure's Next Chapter Has Yet to be Written

## The Biggest<sup>1</sup> HCM Company You've Never Heard of

Asure has the culture and growth characteristics of a young pure-play HCM business wrapped in the framework of a 35-year-old publicly-traded company.

In just 7 years, since acquiring Mangrove HCM in 2016, revenue grew 3x to ~\$90M before divesting the Space Management business and pivoting to HCM-only in December 2019.

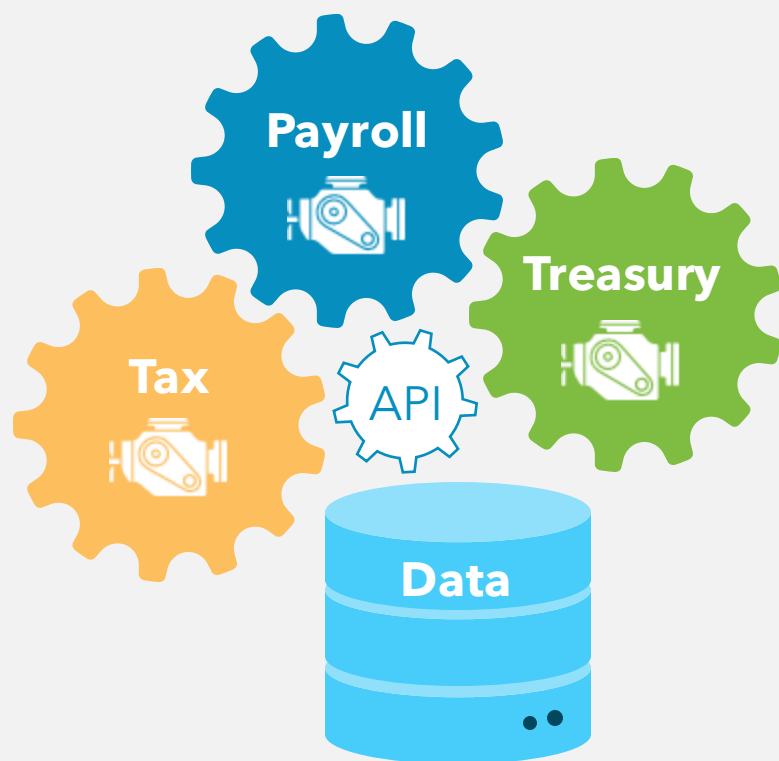
As a young HCM company with ~85% of clients being served through indirect channels, we believe Asure is the biggest HCM company you've never heard of.



<sup>1</sup> As it relates to customers and employees served

Anatomy of HCM Business

# One HCM Platform, Smartly Architected for Scale



## Decoupled Platform Serves Multiple Markets



### SMB DIRECT

Full-suite HCM software and services for small businesses from a single screen



### SMB INDIRECT

Regional and vertical niche providers license one or all HCM components



### MARKETPLACE

HCM platform stores demographic and transactional data that can enable third party solutions to offer valuable services to employers and employees



### ENTERPRISE DIRECT

Large, multi-state enterprises face the same payroll tax challenges as payroll companies



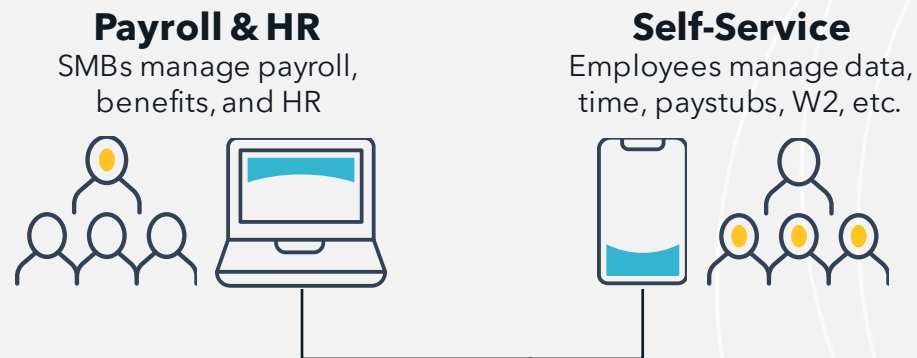
### ENTERPRISE INDIRECT

HCM software companies need tax and treasury tools to compete against ADP and Paychex

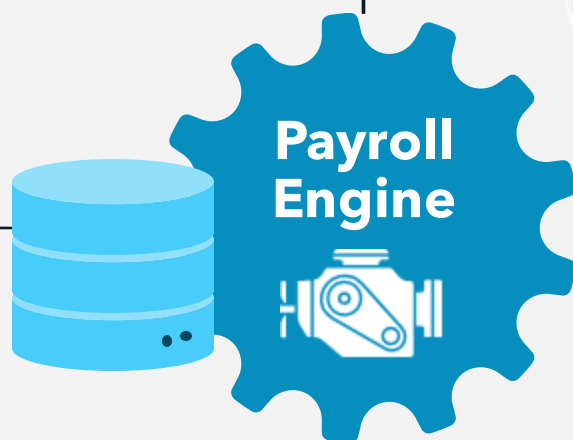
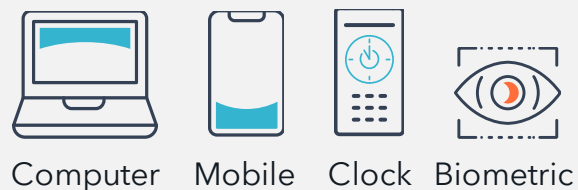


Anatomy of HCM Business

# Payroll Engine



**Time & Attendance**  
Captures time, tracks accruals, sends hours & labor allocation to payroll

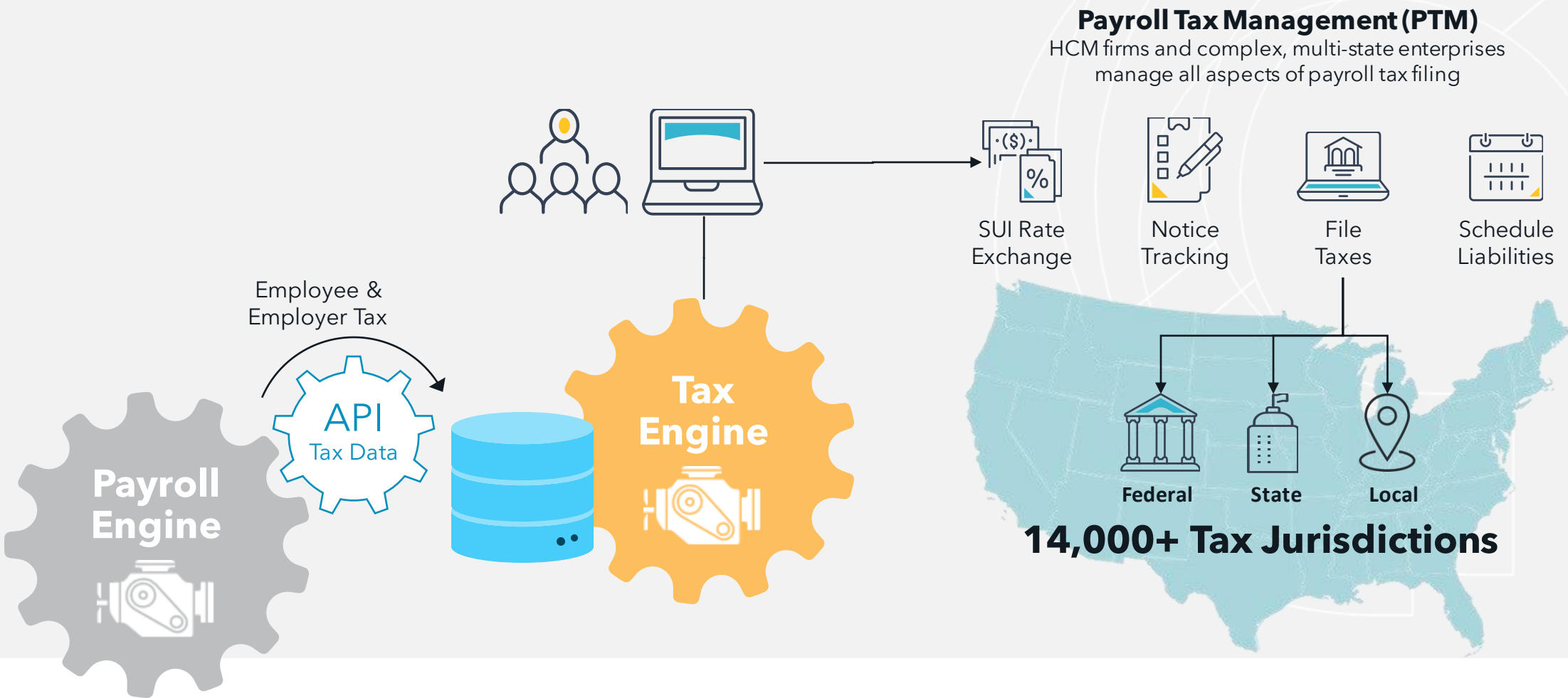


**Payroll Processing**  
Calculate gross pay, employee & employer taxes, deductions, and net pay

PAY SLIP						Pay Period: __/__/____
<b>GROSS PAY</b>	<b>CURRENT</b>	<b>YTD</b>	<b>TAXES</b>	<b>CURRENT</b>	<b>YTD</b>	
Salary	-----	-----	Federal Income Tax	-----	-----	
Rate	-----	-----	State Income Tax	-----	-----	
Reg Hours	-----	-----	Social Security	-----	-----	
OT Hours	-----	-----	Medicare	-----	-----	
			Local Tax	-----	-----	
<b>DEDUCTIONS</b>	<b>CURRENT</b>	<b>YTD</b>				
Insurance	-----	-----				
401k	-----	-----				
Child Support	-----	-----				
<b>SUMMARY</b>	<b>CURRENT</b>	<b>YTD</b>	<b>NET PAY</b>	<b>CURRENT</b>	<b>YTD</b>	
Total Pay	-----	-----	Checking	-----	-----	
Taxes	-----	-----	Savings	-----	-----	
Deductions	-----	-----	529 Plan	-----	-----	
Net Pay	-----	-----				

Anatomy of HCM Business

# Tax Engine



## Payroll Tax Management (PTM)

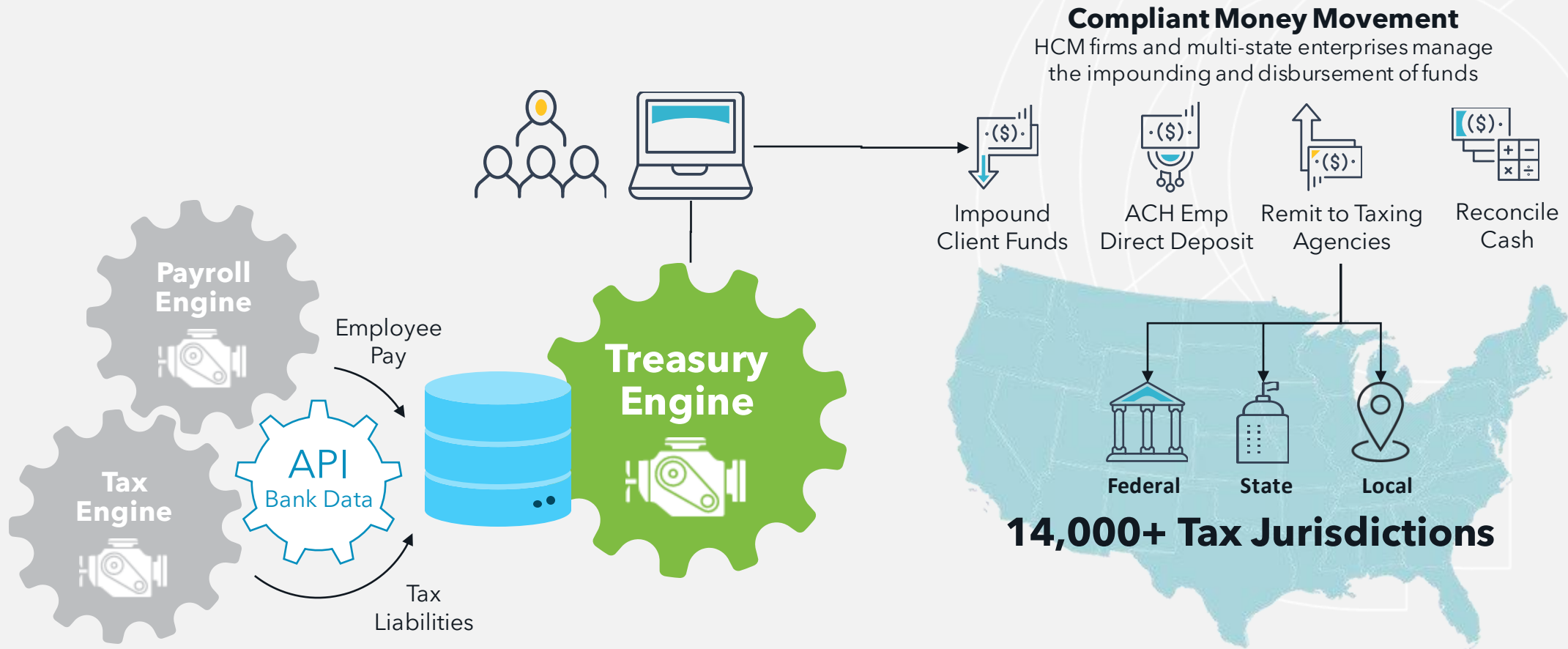
HCM firms and complex, multi-state enterprises manage all aspects of payroll tax filing

- SUI Rate Exchange
  - Notice Tracking
  - File Taxes
  - Schedule Liabilities
- Federal State Local

**14,000+ Tax Jurisdictions**

Anatomy of HCM Business

# Treasury Engine





Anatomy of HCM Business

# Marketplace | Monetizing HCM Data



## Today's Data Set

~100k Employers  
~1.7M Employees



An aerial photograph of a city skyline at sunset. The sky is a mix of blue and orange, with scattered clouds. The city is filled with various skyscrapers and buildings, some of which are illuminated. A large river flows through the city, with a bridge crossing it. The water reflects the sky and the buildings. The overall scene is vibrant and modern.

**Excited to Evolve!**





# Thank You!

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