HSV HUNT SCANLON VENTURES

2026 Mid-Year M&A Report

Human Capital Markets Update

Behavioral Intelligence Emerges As Crucial Enterprise Talent Lever

Hunt Scanlon Ventures this week completed its investment in millionways, a New York-headquartered company that builds a behavioral intelligence layer of AI for human agent workforces, utilizing a proprietary Large Psychology Model called Thorsten-4. The platform focuses on understanding human signals, motives, and behavior patterns, with applications used across AI governance, executive hiring, talent management, and enterprise environments.

"millionways is a trailblazer in this newly emerging space," said Scott A. Scanlon, CEO and co-founder of Hunt Scanlon Ventures and a senior advisor to company co-founders Martin Cordsmeier and Max Weidemann [see related story, page 2]. "As investors, we see behavioral intelligence as a new layer of AI infrastructure, giving artificial intelligence a missing layer – the ability to interpret the human dynamics behind communication and decision-making. In our view, organizations that can better understand the convergence of leadership and human behavior patterns will create meaningful competitive advantage in the years ahead. Behavioral intelligence will become central to everyday enterprise decision-making," he said.

Mr. Scanlon noted that artificial intelligence is already making big inroads and reshaping the human capital sector. "Organizations have embraced AI to automate workflows, improve performance, and generate insights on people. As those capabilities mature, the next phase is poised to move beyond productivity and efficiency toward improving the quality of human judgement," he said. "Reducing this friction is an essential next step for businesses in general, but a critical one for the human capital ecosystem."

Across executive search, leadership advisory, and private equity, lasting value is rarely driven by data alone. It depends on understanding people—their motivations, communication styles, leadership tendencies, and ability to perform in complex environments. As AI becomes more deeply embedded within enterprise workflows, understanding human behavior may prove as valuable as understanding financial or operational performance.

BY THE NUMBERS

AI Is Dominating Capital Flows

More than **50%** of global VC funding is being directed to AI, driven by foundation models, infrastructure, and applied AI solutions.

Source: Morgan Lewis

That realization is giving rise to an emerging category in enterprise AI: behavioral intelligence. Rather than simply producing information, behavioral intelligence is already providing insight into how individuals think, communicate, collaborate, and make decisions—giving organizations better context for hiring, leadership development, succession planning, risk management, and investment decisions. "Those are not small efficiency gains," said Mr. Scanlon. "Those are enterprise value levers."

millionways sits at that intersection. Through its Large Psychology Model, the company has developed AI designed to understand communication patterns, motivation, leadership tendencies, and interpersonal dynamics. "We see the ability to translate human behavior into actionable business intelligence as increasingly important across the human capital markets," said Mr. Scanlon.

"This investment reflects our broader conviction about where value is being created. As AI becomes ubiquitous, technology alone will become less differentiating. Greater opportunity may lie in technologies that help organizations understand people, strengthen critical decisions, and improve performance. Behavioral intelligence—and millionways' approach—is an important step in that evolution," he said.

DEAL ANALYSIS

millionways Brings Behavioral Intelligence Into the Enterprise

Applications Seen Across Executive Hiring, Leadership Effectiveness, and Talent Management

Artificial intelligence is entering a new phase in the people business. Once focused primarily on productivity and efficiency – automating recruiting workflows, accelerating candidate research, generating scorecards, and streamlining hiring processes – the technology is increasingly zeroing in on deeper adaptations to not only solve problems faster, but to decide outcomes by helping improve human judgment and decision-making across the enterprise.

One development worth noting is the creation of a new emerging category within enterprise AI: behavioral intelligence. Its impact on the talent business is expected to be nothing short of breathtaking.

Across executive search, leadership advisory, private equity and enterprise operations, organizations increasingly need to understand not only what people have accomplished, but how they communicate to team members, respond to pressure, build trust, and make decisions.

millionways is an early leader defining the burgeoning world of behavioral intelligence which can, among a host of things, transform conversations into structured insight. “Legacy leaders in the leadership assessment space have done this for decades, but not at the scale that comes with AI,” said Drew Seaman, a managing director at Hunt Scanlon Ventures. Through its proprietary Large Psychology Model dubbed Thorsten-4, millionways is already indentifying behavioral patterns that can provide enterprises with an extraordinary layer of evidence when evaluating leaders, organizational readiness, and human performance. Underlying Thorsten-4 is more than a decade of proprietary psychological R&D, including 25,000+ hours of structured human interaction and a dataset built with more than 7,000 participants and 50+ psychologists. This proprietary scientific and data foundation would require substantial time and investment to recreate internally.

From Productivity to Judgment

Unlike traditional AI models designed primarily to generate content or automate workflows, behavioral intelligence is focused on interpreting the dynamics behind human interaction. That distinction becomes particularly valuable in environments where decision quality—not workflow speed—determines outcomes.

Leadership assessment, succession planning, executive coaching, management diligence, and increasingly human-agent collaboration all depend on understanding how people think and perform in different contexts. Behavioral intelligence has the potential to make those historically subjective evaluations more structured without replacing the experience and judgment of trusted advisors.

Q&A WITH MILLIONWAYS CO-FOUNDER MAX WEIDEMANN

Where is AI moving beyond productivity?

The last phase of AI was about productivity. The next phase is about judgment, trust, and interaction. Investors are beginning to evaluate platforms based on the quality of the decisions and interactions they improve—not simply the tasks they automate.

Why does behavioral intelligence matter to enterprise value?

Behavioral intelligence sits closer to the quality of decisions. It can influence hiring, leadership effectiveness, customer retention, risk management, and M&A diligence. Those are enterprise value levers, not simply efficiency gains.

How can behavioral intelligence change executive search?

Career history tells you what someone has done. Behavioral intelligence helps explain how they may perform in a new context. It doesn’t replace recruiter intuition; it strengthens it by providing another layer of evidence.

What will leadership look like in an AI-enabled organization?

The best leaders won’t simply know how to use AI. They’ll know how to lead human-agent systems. Understanding how people and intelligent agents communicate, build trust, and make decisions together will become increasingly important.

A New Lens for Enterprise Value

For private equity investors, behavioral intelligence could provide another lens for management diligence, CEO succession, leadership alignment, organizational readiness, and post-close execution. For executive search firms, it can complement recruiter judgment with additional evidence when evaluating leadership potential and organizational fit.

As adoption expands, the value of behavioral intelligence may increasingly come from its ability to connect insights across traditionally separate decisions. Leadership assessment, management diligence, succession planning, and organizational performance are often evaluated independently, yet each is interconnected and depends on understanding how people communicate, lead, and respond to change. A common behavioral intelligence layer could give organizations a more consistent framework for evaluating those dynamics across the enterprise.

Whether behavioral intelligence ultimately develops into a standalone software category or becomes part of the underlying infrastructure of enterprise AI remains to be seen. What is becoming clearer is that the next generation of AI platforms may be judged not simply by how much work they automate, but by how effectively they help organizations make better decisions.

MARKET INSIGHT

Capability-Driven M&A Raises the Stakes for Talent

Mergers and acquisitions are increasingly being used to acquire specialized technology, leadership, and organizational capabilities rather than simply increase scale. As more transaction value resides in people, knowledge, and execution, talent has become a central driver of long-term deal success.

For decades, M&A was largely evaluated through financial metrics. Today, buyers increasingly pursue acquisitions to accelerate access to technology, leadership talent, proprietary expertise, and operating capabilities that would otherwise require years to build internally.

New research from EY-Parthenon reinforces that shift. U.S. deal volume for transactions exceeding $100 million is projected to increase eight percent this year despite continued geopolitical uncertainty, shifting trade policy, and elevated interest rates. Corporate M&A volume is expected to rise 11 percent, while private equity activity remains relatively flat as sponsors maintain greater underwriting discipline.

Corporate leaders, meanwhile, continue leaning into transformation. According to EY-Parthenon, 65 percent of CEOs are pursuing acquisitions to accelerate access to technology, talent, and operating capabilities, while 46 percent expect to divest non-core assets and redirect capital toward higher-priority strategic initiatives.

“Organizations are increasingly using acquisitions to accelerate access to capabilities that would otherwise take significant time and investment to build internally,” said Evan Berta, market strategist at Hunt Scanlon Ventures. “Technology, leadership talent, and operating expertise are becoming just as important as revenue synergies in evaluating potential transactions.”

That represents a meaningful departure from previous M&A cycles. Increasingly, the assets commanding premium valuations are not simply those generating revenue today, but those capable of accelerating strategic transformation tomorrow.

Talent Determines Whether the Investment Thesis Works

Acquiring those capabilities, however, is only the beginning. Successfully integrating them has become one of the defining challenges facing acquirers. New research from global executive search firm Spencer Stuart suggests that transactions can fall short when organizations underestimate the complexity of leadership integration, talent retention, organizational design, and cultural alignment. As more acquisitions center on intellectual capital and specialized expertise, the human side of integration increasingly determines whether the original investment thesis becomes reality.

“The most significant risks in a transaction are often not found on a balance sheet,” said Mr. Berta. “Leadership continuity, institutional knowledge, and the ability to retain critical talent frequently determine whether an investment thesis becomes reality.”

KEY MARKET INSIGHTS

8%
Projected increase in U.S. M&A volume for transactions exceeding $100 million.

11%
Projected growth in corporate acquisition activity.

65%
Of CEOs are pursuing acquisitions to accelerate access to technology, talent, and operating capabilities.

46%
Expect to divest non-core assets to strengthen strategic focus.

Source: EY-Parthenon

80% vs 53%
While 80% of leaders believe communication during change is effective, only 53% of employees agree.

Source: Spencer Stuart

Those risks begin well before a transaction closes. According to Hunt Scanlon survey data, buyers are placing greater emphasis on succession planning, leadership assessment, cultural compatibility, and organizational capability during diligence because many of today’s most valuable assets reside in the people responsible for building and operating the business.

Retention Becomes a Value Creation Strategy

That makes retention an increasingly important component of the value creation strategy. While executive teams often focus on integration plans and financial objectives, employees experience transactions through questions of trust, leadership, career opportunity, and organizational stability. Spencer Stuart’s research highlights the disconnect: 80 percent of executives believe communication during periods of change is effective, while only 53 percent of employees agree.

“The retention challenge begins before a deal closes,” said Drew Seaman, managing director at Hunt Scanlon Ventures. “Employees make decisions based on trust, visibility, and confidence in future leadership. Organizations that communicate clearly and consistently are often better positioned to preserve critical talent throughout periods of disruption.”

For buyers and investors, the implications extend beyond retention alone. Leadership diligence, succession planning, organizational design, and talent strategy are increasingly becoming part of the value creation plan itself. Acquiring the right capabilities may establish the investment thesis, but preserving the people, expertise, and institutional knowledge behind those capabilities is what allows organizations to execute it.

As capability-driven M&A continues to reshape the human capital markets, the strongest acquirers may not simply be those completing the largest transactions. They will be the organizations best able to identify the capabilities they need, retain the people behind them, and translate those investments into sustainable enterprise value.

CAPITAL IN MOTION

Recent Transactions Signal Continued Momentum Across Human Capital

Following last year's transformational transactions, including Heidrick & Struggles' partnership with Advent, KKR's investment in ghSMART, and True Search's acquisition by Integrum, M&A activity across the human capital sector continues to accelerate. While these recent transactions differ in size and strategic focus, together they reinforce four themes reshaping the market: integrated talent platforms, AI expertise, sector specialization, and flexible leadership solutions.

The pace of investment across the human capital industry has remained strong throughout the first half of 2026. Strategic acquirers continue expanding service offerings and global reach, while private equity firms remain focused on backing differentiated platforms capable of long-term growth. Rather than pursuing scale alone, today's buyers are increasingly investing behind specialized capabilities that create sustainable competitive advantages.

KORN FERRY + AMS

Building the Industry's Most Comprehensive Talent Platform

Korn Ferry's acquisition of AMS represents one of the largest and most significant transactions the human capital industry has seen in years. By combining Korn Ferry's executive search, leadership advisory, and organizational consulting capabilities with AMS's global workforce solutions and recruitment process outsourcing platform, the firm significantly expands its ability to serve clients across the entire talent lifecycle.

HSV Takeaway

The industry's largest human capital firm continues moving toward fully integrated talent platforms that combine executive search, consulting, workforce solutions, and leadership advisory under a single brand.

Riviera PARTNERS + lateral

AI Expertise Becomes a Strategic Differentiator

Riviera Partners strengthened its position in one of the fastest-growing areas of executive search through the acquisition of Lateral Labs, expanding its capabilities in AI, machine learning, and emerging technology talent. As organizations race to build AI-enabled businesses, demand for highly specialized technical leadership continues to outpace supply, increasing the strategic value of firms with deep domain expertise.

HSV Takeaway

AI is no longer simply changing how recruiters work—it is reshaping where buyers invest. Specialized technical recruiting capabilities are becoming strategic assets as organizations compete for the talent building the next generation of AI companies.

SOUTHFIELD + Metric

Private Equity Continues Backing Specialist Search Platforms

Southfield Capital's majority investment in Metric Search reflects continued investor confidence in highly specialized executive search firms. Since its founding in 2019, Metric has built a differentiated platform focused on engineering, infrastructure, data centers, life sciences, MedTech, and executive search for private equity-backed companies. Rather than pursuing broad diversification, Metric's growth demonstrates the value of deep sector expertise and specialized client relationships in attractive, high-growth markets.

HSV Takeaway

Private equity continues investing behind specialist search platforms capable of owning attractive niche markets where expertise, reputation, and delivery quality create durable competitive advantages.

zrg MOVE FORWARD + fortium partners

Leadership-as-a-Service Continues to Expand

ZRG's acquisition of Fortium strengthens the firm's Interim Solutions & Project Consulting platform by adding a leading provider of fractional and interim CIO, CTO, and CISO leadership. As organizations increasingly seek executive expertise without permanent headcount, demand for flexible leadership solutions continues to rise.

HSV Takeaway

Executive leadership is increasingly being delivered through flexible operating models. Buyers continue expanding their capabilities in interim, fractional, and project-based leadership as clients seek greater agility.

THE VALUE GAP

Enterprise Value Isn't Built Through Revenue Alone

Revenue growth has long been viewed as one of the primary indicators of business success. Yet in today's M&A environment, buyers increasingly evaluate far more than financial performance. Leadership depth, recurring client relationships, operational maturity, and the ability to operate independently of the founder all influence how a business is perceived—and ultimately how it is valued.

For founders preparing for a future transaction, one of the most important shifts to understand is that enterprise value is created long before a company enters the market. Organizations that invest in leadership succession, scalable operating models, diversified revenue streams, and institutional client relationships reduce execution risk for potential buyers. Those investments often translate directly into stronger buyer interest and higher valuations.

"Enterprise value is increasingly determined by the quality of the business behind the financial statements," said Scott A. Scanlon CEO & co-founder of Hunt Scanlon Ventures. "Buyers are paying premiums for organizations that combine strong performance with scalable leadership, operational maturity, and sustainable growth. Preparing for an eventual transaction often begins years before a company enters the market," he noted.

Increasingly, buyers are asking a different set of questions during diligence. Can the business continue growing without the founder? Are client relationships institutional or concentrated among a handful of individuals? Are operational processes documented and scalable? Does the leadership team have the depth to sustain performance through ownership transitions? "The answers to these questions often influence valuation just as much as financial performance because they help determine how confidently a buyer can execute the investment thesis after closing," he added.

The comparison below illustrates this principle. Although both companies generate identical revenue and adjusted EBITDA, the buyer-ready business commands significantly greater enterprise value because it has built the leadership, infrastructure, and organizational capabilities necessary to sustain long-term growth beyond the founder. The difference is not stronger financial performance—it is a stronger business. That distinction separates companies that simply perform well today from those that command premium valuations in today's M&A market. Today, buyers are paying for confidence in future performance as much as they are paying for historical results.

WHY BUYERS PAY MORE

LEADERSHIP DEPTH
A business that can grow without depending on a single founder reduces transition risk and increases buyer confidence.

RECURRING REVENUE
Predictable client relationships and repeat business improve earnings visibility and long-term value.

OPERATIONAL INFRASTRUCTURE
Documented processes, scalable systems, and institutional knowledge improve integration and future growth.

MANAGEMENT TEAM
A strong leadership bench demonstrates the organization can continue performing beyond the founders.

COMPANY A
Founder-Dependent Firm

REVENUE
$10.0M

Adjusted EBITDA*
$2.0M

Illustrative Enterprise Value (4.5x)*
$9.0M

CHARACTERISTICS
- Founder generates most revenue
- Limited succession planning
- Minimal recurring revenue
- Informal operating processes
- Key client concentration
- Limited leadership bench

VALUE GAP
+$5.0M

Same Revenue
$10.0M

Same Profitability
$2.0M

Different Enterprise Value
$14.0M

COMPANY B
Buyer-Ready Firm

REVENUE
$10.0M

Adjusted EBITDA*
$2.0M

Illustrative Enterprise Value (7x)*
$14.0M

CHARACTERISTICS
- Diversified rainmakers
- Institutional client relationships
- Scalable operating model
- Strong leadership bench
- Recurring revenue
- Documented processes

Note: Financials and multiples are illustrative and for comparison purposes only.

GETTING DEAL READY

Preparing Today for Tomorrow's Transaction

Successful exits rarely begin when a business is brought to market. They begin years earlier through deliberate investments in leadership, operations, client relationships, financial discipline, and organizational infrastructure. Firms that prepare well in advance are often better positioned to maximize enterprise value, reduce transaction risk, and create a more efficient diligence process when opportunities arise.

Whether the objective is a strategic acquisition, private equity investment, recapitalization, or long-term succession plan, today's buyers evaluate far more than financial performance. Leadership depth, operational maturity, recurring revenue, scalable systems, and organizational readiness all influence how a business is perceived—and ultimately how it is valued.

Perhaps most importantly, transaction readiness is not simply about preparing for a sale. The same characteristics that make a business attractive to investors often create stronger, more resilient organizations regardless of whether a transaction ultimately occurs. Companies that invest in leadership development, institutional client relationships, operational discipline, and strategic planning are frequently rewarded through stronger financial performance, greater organizational stability, and increased strategic flexibility long before entering the market.

"Preparation today creates optionality tomorrow. The organizations that invest in readiness are the ones best positioned to lead the next cycle of value creation," said Scott A. Scanlon, CEO & co-founder of Hunt Scanlon Ventures.

KEY SUCCESS FACTORS

CLARITY OF STRATEGY
A clear strategy and investment thesis align the organization around what matters most.

TALENT ALIGNMENT
Strong leadership, retention, and succession planning de-risk the investment case.

FINANCIAL READINESS
Quality financials, forecasting, and performance metrics build trust and credibility.

OPERATIONAL STRENGTH
Efficient processes and scalable systems demonstrate the ability to execute and grow.

COMPELLING NARRATIVE
A differentiated story supported by data resonates with investors and strategic buyers.

The following framework outlines six practical priorities that founders and leadership teams should consider when preparing for an eventual transaction. While every business follows a different path, organizations that address these areas early are often better positioned to navigate diligence, reduce buyer concerns, and maximize long-term enterprise value.

The Readiness Roadmap: 6 Steps to Position for Success

1 DEFINE STRATEGIC OBJECTIVES

Clarify your goals and priorities to ensure every decision supports long-term value creation.

- Articulate growth and investment priorities
- Align leadership around strategic direction
- Define what success looks like

2 STRENGTHEN LEADERSHIP & TALENT

Evaluate leadership depth, build a strong bench, and ensure the right people are in place to execute.

- Assess leadership capabilities and gaps
- Implement succession planning
- Develop retention strategies for key talent

3 OPTIMIZE FINANCIAL PERFORMANCE

Clean, transparent, and predictable financials create confidence and maximize valuation.

- Refine forecasting and budgeting
- Identify margin improvement opportunities
- Strengthen reporting and KPIs

4 BUILD OPERATIONAL EXCELLENCE

Streamline operations and document processes to demonstrate scalability and reliability.

- Standardize key processes
- Invest in systems and automation
- Improve data quality and visibility

5 PREPARE FOR DUE DILIGENCE

Reduce risk and surprises by organizing information early and addressing potential red flags.

- Ensure legal and compliance readiness
- Identify and mitigate key risks
- Organize data room materials

6 CRAFT A COMPELLING NARRATIVE

Tell a clear, differentiated story that highlights your competitive advantage and future potential.

- Define your value proposition
- Quantify your growth opportunity
- Tailor messaging to buyers or investors

WHO WE ARE

Hunt Scanlon Ventures Team

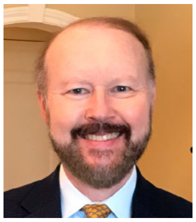
Hunt Scanlon Ventures is a leading M&A advisory firm focused exclusively on the global human capital market. We represent both buy-side and sell-side clients across a wide range of human capital verticals, including executive search, culture and leadership consulting, interim and on-demand talent solutions, RPO, HR technology, and executive coaching.

Our firm advises strategic acquirers and private equity sponsors on their acquisition strategies, while also supporting founders and leadership teams seeking to exit, scale, or recapitalize.

In addition to advisory services, Hunt Scanlon Ventures invests in top-tier talent platforms as a limited partner, often co-investing alongside venture capital managers in the sector.

While U.S.-based, our team has built a strong international footprint and manages engagements in the U.K., Hong Kong, Chile, Mexico, and across Europe. With over 35 years of experience and deep-rooted relationships, we combine proprietary market intelligence with strategic execution to deliver exceptional results for our clients.

Visit us at: huntscanlonventures.com



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AT A GLANCE

Hunt Scanlon is the premier market intelligence source for the human capital sector, providing news, analysis, global industry reports, and benchmarking on executive search, talent management, and human capital trends.

Media, Networking & Events: Hunt Scanlon Media hosts global leadership conferences for executive recruiters, PE operating partners, CFOs, hedge fund leaders, and chief talent officers. Our global news and market intelligence data comes in many forms, including daily newswires, talent leadership reports, newsletter briefings, rankings, and webinars. www.huntscanlon.com

M&A Advisory: Hunt Scanlon Ventures offers a full range of critical M&A solutions to guide founders and management teams to successful exits. Our advisory team has a singular focus on the human capital markets, assisting clients in M&A strategy development, sourcing, growth strategy, sales, mergers, and exit planning. www.huntscanlonventures.com

Talent Intelligence: HSiQ brings together proprietary data, strategic leadership insights, and market-wide benchmarking to deliver real-time talent intelligence to help organizations move upstream, anticipate talent risk, and shape leadership strategy before decisions are made. www.hsiqtalentintelligence.com