

2026 Q3 M&A Report

Human Capital Markets Update



Hunt Scanlon Ventures Backs the Next Generation of AI-Powered Talent Platforms

Hunt Scanlon Ventures is expanding its investment portfolio with a focus on artificial intelligence platforms designed to improve how organizations evaluate markets, identify leadership talent, and make critical business decisions. Three investments—Verata, HelloSky, and millionways—reflect the firm’s conviction that the next generation of AI-powered businesses will create value not simply through automation, but through proprietary intelligence and better decision-making.

“Artificial intelligence is fundamentally changing the economics of information and human capital,” said Scott A. Scanlon, CEO and co-founder of Hunt Scanlon Ventures. “The greatest opportunities are emerging in platforms that combine specialized data, deep market expertise, and technology to improve decisions that have historically depended on fragmented information and human judgment.”

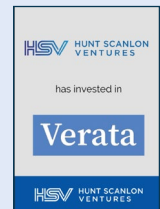
From Market Intelligence to Executive Talent

HSV’s investment strategy began taking shape in 2023 with its participation in a funding round for Verata, formerly AiFlow, an AI-driven market intelligence platform developed to automate competitor analysis and market research for private equity firms. At the time, the company was piloting its technology with three large-cap private equity firms representing approximately \$300 billion in combined assets under management.

That investment thesis moved directly into human capital with HSV’s 2025 investment in HelloSky, an AI-powered talent intelligence platform purpose-built for executive search. The company’s technology combines dynamic market mapping, candidate intelligence, behavioral analytics, and AI-powered ranking capabilities to help recruiters identify and evaluate senior leadership talent. HelloSky had surpassed \$1 million in annual recurring revenue when it launched a \$5.5 million seed round to accelerate its growth.

“Executive search is ultimately an intelligence business,” said Drew Seaman, managing director at Hunt Scanlon Ventures. “AI gives firms an opportunity to organize enormous amounts of market

BACKING THE FUTURE OF AI-POWERED TALENT PLATFORMS



and candidate information more effectively. The real value comes when that intelligence strengthens the judgment of experienced recruiters and leadership advisors.” To that end, HSV’s most recent investment in millionways extends that strategy further, moving beyond market intelligence and talent discovery toward understanding human behavior itself. “These investments represent three different applications of a common strategy,” said Mr. Scanlon. “Verata helps investors understand markets, HelloSky assists recruiters identify leadership talent, and millionways brings intelligence to the human behaviors that influence performance. Each addresses an important challenge where better information and deeper insight can create meaningful enterprise value.”

Together, the investments underscore Hunt Scanlon Ventures’ broader strategy of backing differentiated AI platforms across the human capital and private markets ecosystem. As foundational AI technology becomes more widely accessible, proprietary data, specialized applications, and domain expertise are likely to become increasingly important sources of competitive advantage.

For Hunt Scanlon Ventures, the opportunity extends beyond investing in technology alone. It is about identifying platforms that can fundamentally improve how organizations understand markets, evaluate people, and make decisions, capabilities that are becoming increasingly valuable across the global human capital industry.

MARKET ANALYSIS

The Next Frontier of AI Investment

Private Capital Moves Beyond AI Infrastructure to Invest in Intelligence

Artificial intelligence is entering a new investment phase. After years of unprecedented capital deployment into foundational models, semiconductors, and data centers, institutional investors are increasingly looking toward the companies capable of turning AI infrastructure into measurable business value. That shift is creating opportunities across enterprise software, specialized intelligence platforms, and technology-enabled services.

For private equity firms, the investment thesis is evolving. Rather than simply backing businesses developing artificial intelligence, investors are increasingly evaluating how proprietary data, specialized applications, and operational expertise can translate into sustainable competitive advantages. The same philosophy is reflected in Hunt Scanlon Ventures' investments in Verata, HelloSky, and millionways, where AI is being applied to complex decisions across private markets and human capital [see related story, page 1].

Institutional Capital Expands Across the AI Ecosystem

TPG offers a compelling example of how large institutional investors are approaching the opportunity. The global alternative asset manager has built exposure across foundational AI developers, enterprise applications, infrastructure, and services designed to accelerate commercial adoption. Its investments include OpenAI and Anthropic, alongside participation in xAI-related financing. TPG also partnered with OpenAI to launch its enterprise deployment business, designed to help organizations integrate advanced AI capabilities directly into operating workflows.

The firm's infrastructure strategy is equally significant. Through a partnership with Tata Consultancy Services, TPG committed up to approximately \$1 billion to support HyperVault, an AI data center platform in India. Internally, TPG has developed Lab 39 and its Samantha AI platform to strengthen research, due diligence, and investment analysis. "What's interesting about the current investment cycle is how capital is spreading across the entire AI ecosystem," said Scott A. Scanlon, CEO and co-founder of Hunt Scanlon Ventures. "Infrastructure and foundational models remain important, but investors are also looking for specialized platforms that can apply those capabilities to real business problems. That's where proprietary intelligence and domain expertise become increasingly valuable."

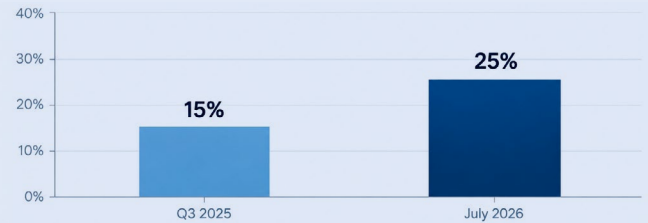
Enterprise Adoption Becomes the Next Investment Opportunity

Research from Goldman Sachs Asset Management suggests that enterprise AI deployment is accelerating as organizations move beyond experimentation toward more complex applications. The growth of autonomous agents and inference computing is expanding demand across the

AI ADOPTION

More S&P 500 Companies are Reporting Measurable AI Impact

Share of S&P 500 companies citing at least one quantifiable AI impact in earnings or conference transcripts.



Source: Morgan Stanley Research, September 23, 2026, based on an analysis of more than 10,000 earnings and conference transcripts.

technology ecosystem while creating new opportunities for businesses capable of integrating AI into everyday operations. Morgan Stanley Research points to a similar evolution. The firm projects approximately \$800 billion in AI-related capital expenditures during 2026, rising to \$1.1 trillion in 2027. Yet as infrastructure investment continues, the next phase of value creation may increasingly favor companies that successfully embed AI into business processes and demonstrate measurable financial results.

"Investors are becoming more focused on what AI actually delivers," said Drew Seaman, managing director at Hunt Scanlon Ventures. "The ability to demonstrate stronger decision-making, better operating performance, and scalable commercial applications will increasingly separate differentiated platforms from businesses simply incorporating AI into existing workflows."

Proprietary Intelligence Becomes a Competitive Advantage

That shift has important implications for the human capital markets. Executive search, leadership advisory, workforce intelligence, and private equity diligence are information-intensive businesses where specialized knowledge and judgment directly influence outcomes. While Hunt Scanlon Ventures operates on a different scale from institutional investors such as TPG, its investment philosophy reflects a similar emphasis on identifying technologies with defensible capabilities and practical applications. Verata applies AI to market intelligence and private equity research. HelloSky brings specialized intelligence to executive talent discovery and leadership assessment. millionways extends that approach into behavioral intelligence, using proprietary psychological research to better understand human motivation, communication, and decision-making. The common investment principle is that AI becomes more valuable when combined with differentiated data, specialized expertise, and a clear commercial purpose.

MARKET INSIGHT

Family Offices Expand Their Role Into Human Capital Markets

Family offices are emerging as a more influential source of capital across private markets, expanding the universe of potential buyers for founder-led businesses. As these investors move beyond traditional fund allocations and pursue direct acquisitions, their growing involvement is creating opportunities across executive search, recruiting, staffing, and leadership advisory. At the same time, the increasing sophistication of family investment platforms is driving greater demand for the external talent expertise needed to build leadership teams and execute investment strategies.

Altss' latest report, *The 50 Largest Family Offices in the World (2026)*, estimates that the world's 50 largest family offices collectively manage \$2.4 trillion in assets, with the top 10 controlling more than \$1.5 trillion.

"The significance for human capital M&A is that family offices are increasingly becoming part of the buyer universe rather than simply acting as investors behind the funds doing the deals," said Evan Berta, chief market strategist at Hunt Scanlon Ventures. "As these organizations build direct-investment capabilities, founder-led search and advisory businesses can fit naturally within a longer-term investment strategy."

Family Capital Moves Direct

Unlike traditional private equity funds, family offices generally operate without predefined fund lives or conventional exit timelines. While investment mandates vary, that flexibility can allow certain family-backed investors to pursue longer ownership periods, develop management teams, and preserve the characteristics that make founder-led businesses successful, said Mr. Berta. "Human capital firms may be particularly well suited to these strategies," he added.

"The decision for founders is increasingly about more than valuation," said Mr. Berta. "They are evaluating who will be the best steward of the business, what happens to their people and clients, and whether the next owner understands what made the firm successful in the first place." As family offices develop more sophisticated investment teams and acquisition capabilities, they are becoming credible alternatives, he said, to traditional financial sponsors and strategic buyers. "For founders seeking liquidity, succession solutions, or growth capital, family-backed investors can offer another potential pathway."

Human Capital Becomes an Investment Advantage

The opportunity for the human capital industry extends beyond family offices acquiring search and advisory businesses. As family investors expand their direct ownership portfolios, they increasingly face the same leadership challenges confronting large private equity firms: evaluating management capabilities, recruiting executives, planning succession, and strengthening organizational performance.

The World Economic Forum's September 2026 report, *The People Premium: Human Capital as a Driver of Value Creation*

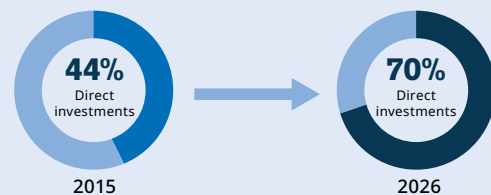
in Private Markets, reinforces the importance of these capabilities. Drawing on research involving more than 20 investment firms representing nearly \$4 trillion in disclosed assets, the report finds that investors are increasingly treating leadership and workforce capabilities as strategic assets rather than operating costs.

The research identifies CEO and C-suite buildout as the most common human capital intervention during the first 12 months of ownership among participating investment firms. It also highlights how investors such as EQT, Bain Capital, and Brookfield have developed structured leadership assessment, executive development, and talent management capabilities to support portfolio performance. These findings have implications for family offices that may lack comparable internal resources. External executive search firms, leadership advisors, and assessment specialists can help investors evaluate management teams before acquisitions, recruit critical executives after closing, and build the organizational capabilities required to execute growth strategies.

FAMILY OFFICE

Family Offices Are Investing Directly in Private Businesses

Share of family office transactions involving direct investments, increasing from 44% in 2015 to 70% in 2026.



Source: Altss, *The 50 Largest Family Offices in the World (2026)*. Share of family office transactions involving direct investments, increasing from 44% in 2015 to 70% in 2026.

The Hoffmann Family Model

The Hoffmann Family of Companies provides a compelling example of how family capital and executive search expertise can work together. Founded by David Hoffmann, the diversified family-owned investment group includes DHR Global, the executive search and leadership advisory firm he established in 1989. When the family acquired Oberweis Dairy two years ago, it leveraged DHR's expertise to strengthen the company's executive leadership, recruiting key executives including a chief financial officer, chief marketing officer, and human resources director. The Hoffmann Family has applied a similar approach in professional sports. Following its acquisition of the Pittsburgh Penguins earlier this year, DHR Global recruited a president of business operations as well as a chief financial officer. The appointments demonstrate how the family's executive search capabilities can support leadership development and operational performance across a diversified investment portfolio.

THE DEAL MARKET

Capital Is Plentiful. Quality Deals Are Not.

The lower-middle-market M&A environment is becoming increasingly favorable for sellers of high-quality businesses. An expanding universe of private equity firms, independent sponsors, family offices, and strategic acquirers is competing for a limited supply of attractive acquisition targets. While buyers remain selective, founders with profitable, scalable businesses are finding themselves in a stronger negotiating position as competition for differentiated assets intensifies, according to an analysis by Hunt Scanlon Ventures.

Bain & Company's *Global Private Equity Report 2026* estimates that approximately \$1.3 trillion in global buyout dry powder remains available for deployment, much of it raised during 2022 and 2023. That capital is creating pressure on investment firms to identify attractive opportunities, particularly as investors seek to put committed funds to work and generate returns.

"The amount of capital pursuing acquisitions is substantial, but the number of businesses meeting buyer expectations remains limited," said Scott A. Scanlon, CEO and co-founder of Hunt Scanlon Ventures. "For founders who have built strong, profitable companies with established leadership teams and durable client relationships, that imbalance can create meaningful leverage," he said.

LOWER-MIDDLE-MARKET M&A

A Favorable Environment for Sellers

87%

RECEIVED MULTIPLE OFFERS

Of completed transactions above \$5 million attracted at least three offers.

~75%

OF ADVISORS VIEW THE MARKET AS FAVORING SELLERS

Share of advisors characterizing the \$2 million – \$50 million market as favoring sellers.

40%

CITE LIMITED QUALITY DEAL FLOW

Of surveyed buyers identified limited quality deal flow as a major constraint.

Sources: IBBA and M&A Source, Q2 2026 Market Pulse Survey; Axial, 2026 Lower Middle Market M&A Outlook.

Buyer Competition Intensifies

Axial's latest buyer landscape research illustrates how quickly the acquisition market is expanding. The lower-middle-market deal platform added 2,635 new buyers in 2025, a 36 percent increase from the previous year. The growth reflects an increasingly diverse buyer universe, with traditional private equity firms competing alongside independent sponsors, family offices, search funds, and holding companies [see related story, page 3].

That competition is translating into tangible advantages for certain sellers. According to the *2026 Q2 Market Pulse Survey* from the International Business Brokers Association and M&A

Source, approximately three quarters of surveyed advisors characterized the \$2 million to \$50 million transaction market as favoring sellers. Among reported completed transactions above \$5 million, 87 percent attracted at least three offers, while one third received 10 or more bids.

Axial's *2026 Lower Middle Market M&A Outlook* reinforces the trend, with 46.7 percent of surveyed dealmakers identifying competition for quality businesses as a source of upward valuation pressure. At the same time, limited quality deal flow remains a significant constraint, suggesting that the challenge for many investors is not finding businesses for sale, but identifying those capable of supporting long-term growth.

"Buyers are increasingly competing for a relatively small group of businesses with strong financial performance, management depth, and scalable operations," said Drew Seaman, managing director at Hunt Scanlon Ventures. "Those characteristics are becoming important differentiators in an environment where investors have substantial capital to deploy."

A Seller's Market for the Right Businesses

The imbalance has particular relevance for executive search, recruiting, staffing, and leadership advisory firms, where much of a company's enterprise value resides in specialized expertise, institutional client relationships, and the people responsible for generating revenue.

Axial's research also shows meaningful buyer interest in businesses generating \$1 million to \$3 million in EBITDA, a range relevant to many established boutique professional services firms. Yet investors continue distinguishing between businesses capable of operating independently and those heavily dependent on their founders or a concentrated group of clients.

"From our vantage point," said Mr. Seaman, "these conditions reinforce the importance of building enterprise value well before a transaction process begins. Financial transparency, leadership succession, diversified revenue, and operational maturity can help reduce buyer friction while positioning founders to benefit from competitive acquisition processes."

"The opportunity for sellers is real, but it isn't universal," said Mr. Seaman. "Buyers are willing to compete for businesses they believe can sustain performance and continue growing beyond the current ownership structure. That is ultimately what separates an attractive company from a truly valuable acquisition."

As the lower-middle-market buyer universe continues to expand, the strongest businesses may find themselves with more options, greater negotiating flexibility, and increased interest from competing acquirers. "For founders who have invested in building sustainable enterprises, today's market presents an opportunity to translate years of operational discipline into meaningful transaction value," concluded Mr. Seaman.

THE INTERVIEW

The Cost of Standing Still in Executive Search

Technology is becoming an increasingly important factor in how executive search firms compete, grow, and ultimately position themselves for acquisition. As artificial intelligence transforms research, candidate identification, and business development, firms that fail to modernize their operating infrastructure risk falling behind competitors investing in more efficient, data-driven platforms. For founders considering a future exit, those decisions may also influence how potential buyers evaluate the scalability and long-term value of their businesses.

Recent research from Hunt Scanlon Media and Recruiterflow highlights the growing divide. A 2026 study involving 97 executive search firm leaders found meaningful differences between organizations embedding AI into their operations and those still experimenting with individual tools. The findings suggest that technology integration, rather than simply access to AI, is becoming an important competitive differentiator.

“Search firms have historically built value through relationships, consultant expertise, and institutional knowledge,” said Scott A. Scanlon, CEO and co-founder of Hunt Scanlon Ventures. “While those qualities remain essential, firms increasingly need the technology infrastructure to preserve that intelligence, strengthen their operations, and support growth beyond individual partners.”

Modernization Becomes a Competitive Necessity

Andrew Shapiro, founder of Cluen, a provider of executive search software and AI systems, believes many firms recognize the limitations of their existing technology but hesitate to make changes because of concerns surrounding data migration, operational disruption, and implementation costs. The challenge extends beyond outdated software. When candidate histories, client relationships, and business development information remain fragmented across individual consultants or disconnected systems, firms can struggle to convert institutional knowledge into scalable operating capabilities.

Industry research reinforces the importance of integration. Bullhorn’s *2026 Recruitment Industry Trends Report* found that 78 percent of firms reporting revenue growth exceeding 25 percent used AI tools embedded in their applicant tracking systems, compared with 51 percent of firms experiencing revenue declines of more than 10 percent. Although the findings cover the broader recruitment industry, “they suggest a meaningful relationship between technology integration and business performance,” said Mr. Scanlon.

For independent executive search firms, the competitive implications are significant, he noted. Modern platforms can improve research efficiency, strengthen client engagement, and help consultants deliver assignments more consistently. “Firms that delay modernization may find themselves spending more time on administrative processes while competitors devote greater resources to advisory work and relationship development,” said Mr. Scanlon.

Q&A WITH CLUEN FOUNDER ANDREW SHAPIRO

Why do search firms remain on legacy platforms even when they recognize the limitations?

Many firms assume that remaining with an existing platform is less disruptive than implementing something new. Leadership may recognize that the technology is no longer meeting its needs, but concerns about migration, lost information, and change management often delay the decision. Over time, those delays can create additional operational inefficiencies.

What are the hidden costs of delaying technology modernization?

The costs extend beyond software expenses. Firms can lose valuable consultant time, operate with incomplete or fragmented information, and struggle to measure business development effectiveness. Those inefficiencies accumulate, making it increasingly difficult to improve productivity or scale established processes.

How is AI changing the importance of centralized data and CRM infrastructure?

AI is only as useful as the information supporting it. Firms need clean, well-structured candidate and client data to take advantage of advanced intelligence tools. Centralized systems make it easier to preserve institutional knowledge, identify patterns, and build more efficient workflows.

What should independent search firms prioritize to remain competitive?

Firms should focus on strengthening their client relationships while building more efficient, repeatable operating processes. Understanding where past business development success originated, measuring current performance, and investing in technology that supports future growth can help independent firms compete with larger consolidated platforms.

Technology Infrastructure and Enterprise Value

The implications extend into M&A. As consolidation continues across executive search and leadership advisory, buyers are increasingly interested in whether a firm’s operating model can sustain growth beyond its founders. Grant Thornton’s 2026 analysis of technology diligence emphasizes that acquirers must evaluate whether a company’s systems, data assets, and operating capabilities can support the growth assumptions underlying an investment. Technology that functions adequately today may still require significant investment to support future expansion.

“From an M&A perspective, the question is whether a firm’s success can be transferred and scaled,” said Drew Seaman, managing director at Hunt Scanlon Ventures. “Businesses that have centralized their institutional knowledge, established repeatable processes, and invested in modern infrastructure can present a more compelling growth story to potential buyers.”

GETTING DEAL READY

Preparing for a transaction doesn't happen overnight. Our clients that achieve the best outcomes, whether they're looking to scale, recapitalize, or exit, are those that align strategic planning with operational readiness well in advance. Below are a few key areas of focus for leadership teams considering a liquidity event in the next 12–36 months:

- **Align personal and business timelines.** Consider how a transaction, including earnouts and post-deal equity periods, fits into your long-term goals.
- **Institutionalize your business.** Build a leadership bench and reduce reliance on a small group of top performers to de-risk the organization in the eyes of potential acquirers.
- **Drive growth and protect margins.** Most deals are valued on EBITDA, not top-line revenue. Focus on sustainable margin improvement and disciplined financial management.
- **Diversify your client base.** Firms with strong client retention and recurring business models command premium valuations.
- **Strengthen your operating infrastructure.** Ensure your financial and operational systems are modern, auditable, and ready for buyer diligence, from contracts and financials to reporting and CRM.

Why the Human Capital Sector is Ripe for M&A in 2026

1. **Mission-Critical Talent Is Driving Valuation**
Leadership is now seen as a core lever of enterprise value — and firms that recruit or advise on it are increasingly essential to the C-suite and investors alike.
2. **The Sector Has Proven Resilient During Uncertainty**
Despite macro volatility, search and talent advisory firms have demonstrated durable demand, especially in sectors like private equity, healthcare, and financial services.
3. **Buyers Are Prioritizing Scale, Tech, and Specialization**
Strategic acquirers and sponsors are targeting firms with platform potential — specialized verticals, scalable delivery, and embedded technology.
4. **Recurring Revenue and Embedded Clients Create Stickiness**
Long-standing client relationships, embedded RPO and interim services, and high retention rates are making these firms attractive investment targets.
5. **The AI Revolution is Creating Platform Differentiation**
Search firms that integrate proprietary AI tools and data platforms are capturing attention from acquirers looking to modernize through acquisition.
6. **Private Equity Dry Powder is Fueling Transaction Demand**
Sponsors are actively seeking leadership-focused platforms to deploy capital, drive consolidation, and create long-term enterprise value.
7. **Founder-Driven Firms Are Reaching a Strategic Crossroads**
Many firms founded during the post-GFC growth wave are now ready to scale or exit — and with valuations supported by solid 2025 revenue performance, the timing is right.

In an increasingly Competitive Deal Environment, Hunt Scanlon Ventures Offers Distinct Advantages

- We have a **singular focus on the human capital markets.**
- Our dedicated team brings a **boutique, high-touch approach** to every M&A engagement.
- **We unlock the true value of our clients** by taking the time to understand their unique characteristics and needs.
- **Our senior leadership team and founding partners are fully engaged** on every assignment and personally oversee each transaction from the very first 'pitch' call to the successful close.
- Our M&A team is passionate about establishing **trust and a deep partnership** with founders who are often facing the most critical career and financial decision of their lives.
- From our founding partners to our associates, we are dedicated to serving our clients with speed, accuracy, and discretion – **we are committed to integrity, outstanding performance, and providing an unrivaled M&A experience.**
- Hunt Scanlon Ventures offers a **full range of critical solutions**, including M&A strategy development, valuation analysis, pitch decks and investment memorandums, capital raising advice, and exit planning.
- Hunt Scanlon is well-known across the Americas, Europe and Asia where **our consulting team has held deep relationships for more than 35 years.**

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.

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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

