

Dayforce to go private in \$12.3 billion Thoma Bravo acquisition

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Private equity firm Thoma Bravo has agreed to buy human resources software provider Dayforce (DAY.N), opens new tab in a take-private deal that executives hope will help expand on the company's AI capabilities.

Dayforce, which operates on a single data platform, uses artificial intelligence to help companies forecast matters such as labor demand or predict employee burnout, David Ossip, the company's CEO, told Reuters in an interview on Thursday, as he elaborated on the deal's benefits.

"Going private gives us more space, flexibility and resources to go much deeper on what matters the most, which is accelerating our focus on being that AI leader in HCM," Ossip said, referring to the practice known as human capital management.

Under terms of the deal, Dayforce shareholders will receive \$70 per share in cash, representing an equity value of \$11.18 billion, according to Reuters' calculations. The offer, announced Thursday, represents a premium of 32.4% based on the stock's closing price on August 15, when news of the deal talks was first reported.

While the deal marks Thoma Bravo's largest take-private deal today, the talks between Dayforce and Thoma Bravo date back years.

Thoma Bravo has known Ossip, also Dayforce's founder, since before 2012, when his software company Dayforce was acquired by a larger HR and payroll provider, Ceridian. Thoma Bravo had followed Dayforce's journey into the public markets, periodically keeping its tabs on the business, Tara Gadgil, partner at Thoma Bravo, told Reuters.

Thoma Bravo formally approached Dayforce about going private about a year ago, when its shares were trading in the mid-\$50s – down more than 50% from its peak in 2021, Gadgil said.

"We fundamentally believe that for the product differentiation, quality of revenue and recurring revenue growth that Dayforce exhibits, the public markets weren't appreciating the company," Gadgil told Reuters.

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The software sector has emerged as an investment target due to resilient subscription services and recurring revenue in an economy weighed down by a deteriorating labor market, trade tariffs and erratic spending.

A wave of deals in the human capital management industry in recent years signals a shift toward AI-driven, single-platform solutions, with acquisitions aimed at consolidating and enhancing the tools offered to clients.

Paychex (PAYX.O), opens new tab announced its acquisition of rival Paycor for \$4.1 billion at the start of the year, and Automatic Data Processing acquired WorkForce Software last year for about \$1.2 billion.

Analysts have said a buyout would provide Dayforce some relief from its debt load, while Thoma Bravo's deep pockets would help the company accelerate AI development and expand internationally. Dayforce's stock closed up about 2.4% on Thursday.

Goldman Sachs committed a \$6 billion debt financing package to support the acquisition, Bloomberg News reported on Thursday, citing a person with knowledge of the matter. Goldman declined to comment.

The debt includes a \$5.5 billion term loan and a \$500 million revolving credit facility, the report said, adding that Goldman could sell the financing to a variety of lenders.

The transaction, which includes a minority investment from a subsidiary of the Abu Dhabi Investment Authority, is expected to close early next year, Dayforce said.

Thoma Bravo, which had about \$184 billion in assets under management as of March 31, is among the largest software-focused investors globally. The private equity firm has acquired or invested in more than 530 software and technology companies.

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