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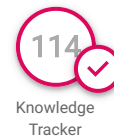
Inside Personio: Europe's most valuable HR tech company

Personio has just raised €200m at a valuation of $8.5bn

BY **MIRIAM PARTINGTON IN BERLIN**　　22 JUNE 2022

Hanno Renner, Personio cofounder and CEO

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Knowledge
Tracker

Fresh out of business school in 2015, 25-year-old Personio CEO Hanno Renner had never had a real job before cofounding the company, besides a part-time gig as a skipper. He says it made him both utterly naive and hungry to solve a "real" problem — he just didn't know it would become a billion-dollar business.

The problem he chose was people processes at SMEs, including absence tracking, payroll and holiday requests. At the time, these tasks were largely carried out by businesses via Excel sheets, a nightmare for everyone involved. Personio swooped in to digitise the lot with its cloud-based software, which plugs directly into a company's existing HR systems.

The business potential from digitising something so unsexy — yet so fundamental to companies — continues to win investors and clients. The HR tech has just raised $200m in Series E funding at an $8.5bn valuation — following a $270m raise in October last year — making it one of Europe's most valuable tech companies.

It's doubled its revenue since its last funding round less than a year ago — working with clients like spend management software Spendesk and online fashion retailer About You, as well as charities such as Viva Con Agua — and added 835 employees.

Sifted sat down with Renner to chat about whether it's seeing any effects of the tech slowdown, why the company still isn't profitable and what his IPO plans are.

"What makes Personio better than every other HR tech out there?" is a question that certainly gets asked a lot, Renner tells me from Personio's London office, where he's been spending the last week.

And his answer?

"I think it all boils down to us really understanding the needs of customers in so much detail," he says, suddenly getting animated.

"It's not just 'Oh, we've built an absence management product' and ticked that box. But we've actually understood from customers that, in a certain period of time when an employee joins a company, for example, absences need to be calculated in a very specific way. And then, at the end of the year, they need to do a calculation of how much is outstanding to run that into finance."

Hanno Renner, cofounder and CEO of Personio

The Munich-based investors Picus Capital describe Personio using a German expression: a "spider in the net". Basically, the software becomes an "indispensable" "source of truth" for all HR data; companies then link other tools to it.

Obviously investors are interested too because of the huge outcomes in HR software already. Workday, which targets enterprise clients, is currently worth over $35bn.

The magic of an all-in-one hr system

While other startups have built tech to tackle *aspects* of personnel management — like recruitment, employee engagement and payroll — Renner says there are few all-in-one solutions on the market. (A direct competitor of Personio is Factorial, a Spanish startup offering all-in-one HR software, that has raised just $100m since its founding in 2016.)

"In the last twenty years, the unbundling of software has been a big thing," explains Renner.

When Personio was founded, many companies were building software for specific, niche problems in other companies. Personio customers, especially small businesses, told the company that they didn't need pinpoint solutions, but an all-in-one solution that could digitise the entire employee lifecycle: from recruitment to exit.

Personio's Munich HQ

"In the early stages, investors challenged us a lot about building such a broad solution. But I think today a lot of people would agree that, especially for small- and medium-sized businesses,

In other words, businesses need a platform that can work well with other software, that can reduce the overall number of applications that businesses have to use — and can be a single source of truth for people data and events.

For example, Personio's integration with messaging app Slack means that employees can request an absence directly within Slack, meaning they don't have to waste time switching between applications or searching for information.

Profitability: the long term aim

Personio isn't yet profitable, which is "very much on purpose," says Renner.

Personio has 6,000 customers (businesses with between 10 to 2,000 employees) yet it's set its sights on capturing the other 1.7m SMEs in Europe — a goal that requires significant investment.

It's also made other investments over the past year: it launched 100 integrations on its platform, as well as a new people performance management software.

It also acquired a Berlin-based startup called Back, an employee experience solution that has a specific ticketing and knowledge management service that ostensibly boosts efficiency for HR teams. Personio is now opening a new office in the German capital for existing Personio staff and the Back team — as well as the many new people it plans to hire.

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"We could always become profitable if we stopped hiring at the rate which we're at now, of adding 80 people every month."

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Renner says that Personio will likely make more acquisitions in the future too — as long as the product makes sense for its customers and the culture of the new team is aligned with Personio's. But it's not something the company is "aggressively going after".

Circling back to the toss-up between growth and profitability, Renner adds: "We've always steered the business both in the past and today in a way that we could always become profitable if we stopped hiring at the rate that we're at now, of adding 80 people every month."

Building culture

good reputation as an employer itself (even Glassdoor reviews are frighteningly positive.)

The company has fielded 66k applications in the last 12 months and completed 13k interviews with candidates. Yet it has only accepted 1.3% of applicants (around 835 hires.)

Personio's kitchen, where employees can get free breakfast and healthy snacks throughout the day

Employees Sifted spoke to in Personio's Munich HQ — an open, bright space adorned with plants, which is dog, cat, and anything-friendly — said a strong sense of culture and purpose is what attracted them to the company, and what makes them want to stay.

"We invest a lot of time in recruiting, including myself — finding people that fit the Personio culture, nurturing that culture in a way that people are so proud to work for Personio that they then recruit for us too, and always ensuring they keep the bar high and are looking for the right people," adds Renner.

Currently 25% of Personio's hires come from referrals, 60% come from active sourcing and the remainder from candidate applications, according to the company.

What are Personio's future plans, and future challenges?

customer acquisition will slow down.

"Our product remains key to customers," says Renner. "Employees still need to request vacation, and require payroll and work contracts even in a downturn."

Speaking of the future, though, Renner is deliberately vague.

An IPO is definitely on the cards at some point, he says (ideally in Europe, though from a regulation point of view, the US is certainly an easier place to go public.) But right now, he's having too much fun just running the company.

"I'm not even sure whether I want to celebrate an IPO, " says Renner, leaning back in his chair. "I'd rather celebrate the amount of customers we have, or the success our customers are having with our product, as that's what really matters."

Saying that, there's something seductive about simply making a point.

"We want to prove that globally leading software companies can be built in Europe — especially as there's been little innovation since SAP in the 1970s."

*Miriam Partington is Sifted's DACH correspondent. She also covers future of work, coauthors Sifted's Startup Life newsletter and tweets from @mparts_*

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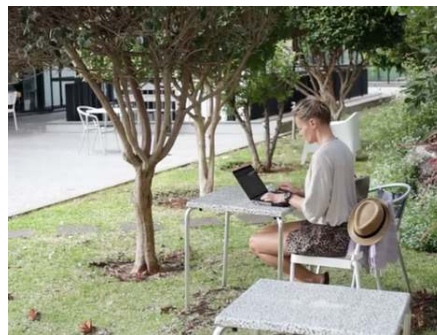0   1000

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