# SeamlessHR in talks with PaidHR over potential acquisition



Following a recent $9 million Series A extension round in late 2024, SeamlessHR, a Nigerian HR Software-as-a-Service (SaaS) provider, has reportedly engaged in informal discussions with competitor PaidHR regarding a potential acquisition. This information comes from multiple sources familiar with the talks, which began in the fourth quarter of 2024 but ultimately did not progress to a formal offer or agreement. An individual close to the discussions, who requested anonymity due to the sensitive nature of the negotiations, indicated that SeamlessHR was the initiator of these informal conversations but faced a rebuff from PaidHR.

In the context of acquisition discussions, a formal offer typically involves an indication of interest (IOI), whereas informal talks often occur without any documented commitment. In this case, no formal IOI was presented, leading to speculation about the future direction of both companies. While SeamlessHR explored this opportunity, PaidHR has maintained its focus on an aggressive growth trajectory. Launched in 2020, PaidHR has rapidly expanded its operations, providing essential payroll and HR services to more than 200 businesses, including notable Nigerian enterprises such as Flutterwave, Oando, and Mavin Group.

In 2023, PaidHR processed a total of ₦11 billion ($77 million) in client salaries—a significant increase from ₦2.7 billion ($18.5 million) in 2022. The company has made substantial investments in cross-border payroll technology, positioning itself with a competitive edge in the market. In an anonymous statement, a company executive indicated that within just ten weeks of its launch, PaidHR’s cross-border payroll system contributed to 9% of its revenue. This capability allows businesses to pay employees in various countries using local currencies, a feature that reportedly attracted SeamlessHR to initiate discussions.

For SeamlessHR, founded in 2018, acquiring PaidHR would have provided a means to strengthen its foothold in the competitive HR-tech landscape. A successful deal could have allowed the company to integrate PaidHR's customer base into its own, benefiting from reduced customer acquisition costs in a space where such expenses are known to be high. Despite the potential advantages, both companies have refrained from commenting on the discussions, with SeamlessHR confirming that no formal acquisition conversations materialised.

The Nigerian HR-tech sector is characterised by increasing fragmentation, with numerous entities such as BizEdge, Motherboard, Bento Africa, NotchHR, and Ropay competing for market share. The influx of companies has complicated the emergence of a distinct market leader, although significant strides have been observed in recent years.

Industry analysts suggest that the HR-payroll space is well-positioned for consolidation, particularly due to the crowded nature of the market. One CEO of an HR-SaaS startup, who requested to speak anonymously, expressed that “the HR Payroll space will benefit from contraction,” asserting that a few larger companies would be better equipped to deliver high-quality services compared to many smaller firms potentially struggling to scale.

Conversely, other stakeholders caution that the HR-tech landscape in sub-Saharan Africa may not yet be prepared for such consolidation. A different HR-SaaS CEO, also speaking anonymously, remarked that “most players in the region are still in the early stages of product development,” suggesting that without product maturity, successful consolidation may prove challenging. The recent acquisition of South Africa's PaySpace by Deel exemplifies successful consolidation in the sector, bolstered by PaySpace's over two decades of operational refinement and mature offering.

The dynamics within the HR-tech environment illustrate the complexities and potential pathways of future developments, as companies navigate both competition and opportunities for growth amidst an evolving landscape.

Source: [Noah Wire Services](https://www.noahwire.com)