
Where HR meets social media, Blackstone will be there

By Editorial Staff Thu, Feb 16, 2017

Blackstone's private equity funds have purchased human resource administration platform Aon Hewitt from Aon plc for \$4.8 billion, at a time when HR is moving to the 'cloud' and tapping into social media data.

Blackstone's private equity funds have agreed to buy Aon Hewitt's technology-enabled benefits and human resources platform from Aon plc for \$4.8 billion, including \$4.3 billion at closing and up to \$500 million more based on future performance.

The newly formed stand-alone company will be the largest benefits administration platform in the United States, serving about 15% of the U.S. working population in more than 1,400 companies, and will be a leading services provider for cloud-based HR management systems, according to a Blackstone release.

Aon's Chris Michalak will be CEO of the new, standalone business, leading a workforce of about 22,000 people.

With the purchase, Blackstone jumps squarely into what's been described over the past few years as the next generation of human resource technology. Moving HR data from on-site systems and spreadsheets into the cloud makes it easier for large companies to move ahead with initiatives linked to core businesses.

Those initiatives include globalizing their workforces, moving time-consuming benefits chores into the hands of employees, increasing cyber-security, and harvesting data about current employees and potential employees from social media. Already, according to Deloitte, about 40% of large companies are already "leveraging social data" to "support efforts around recruitment and engagement."

A report published by Deloitte University Press two years ago said:

"Today's forward-thinking HR organizations are well aware of the treasure trove of data available through outside sources—such as social networks—that can help monitor and build employment brand, identify and recruit talent, better understand compensation strategies, recognize flight risk, and monitor employee satisfaction and engagement. As one executive commented to us as we conducted this research, 'Why do social media sites like LinkedIn appear to know more about my employees than we do, and how can we leverage these data and insights?'"

Citigroup, Credit Suisse, and SMB Capital are acting as financial advisors to Blackstone with respect to the transaction, and Kirkland & Ellis LLP is acting as Blackstone's legal counsel. Morgan Stanley is acting as financial advisor to Aon with respect to the transaction, and Sidley Austin LLP is acting as Aon's legal counsel. Debt financing related to the transaction is being provided by BofA Merrill Lynch, Barclays, Credit Suisse, Citigroup, Macquarie, Deutsche Bank, and Morgan Stanley.

The transaction is expected to close by the end of the second quarter of 2017.

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