



Questions and Answers regarding the merger

We hope this document will help all team members across the globe understand more about the merger between HotSchedules and Fourth. We will be updating this document on a regular basis, but if you have more questions, please ask your manager or a member of the Exec Team. You can also submit a question anonymously via [this link](#).

1. What is happening?

Fourth and HotSchedules are joining forces in a merger on July 10, 2019 to become the industry-leading provider of end-to-end workforce management and inventory management solutions for the restaurant and hospitality sector. Our combined products, service offerings, resources and market share will enable us to serve the industry even better with more innovation and dedication to the success of our customers globally.

2. Why is this happening?

Our new investors, Marlin Equity Partners, partnered with Insight Venture Partners to bring Fourth and HotSchedules together, and reinvest in bringing an integrated, end-to-end hospitality back-of-house management system to market. Both our investors and the management team believes that together, we can grow more quickly and complement each other's cultures and the customer relationships developed over each company's 20-year history.

3. How come this happened so quickly? Why could this not have been discussed before today?

Today is the day the transaction 'completed' (10th July). It is typical in a merger like this that information cannot be shared until the deal is closed. Several people from both companies worked hard to get us to this point and we are now in the place to be able to communicate with everyone.

4. When will more information become available?

We have various Q&A sessions and team meetings planned this week, and while we are in the integration phase there will be regular 'All hands' meetings and updates. Q&A sessions with the executive team will occur over the course of July and we hope you are able to join to ask your questions directly.

5. What happens now?

Each company will maintain current initiatives and ways of working including brand names and operations. Both businesses have existing plans and targets for the rest of 2019 and we are all committed to protecting these plans. The most significant and nearest-term opportunity is to start introducing our extended product offerings to our existing customers and we have begun working on the best approach to capitalize on this opportunity from a sales perspective.

6. What is the name of the new company?

Both companies' brand names are well recognized in their markets, so, for the time being, we will continue to use them both. We will use a marketing/branding agency to help us come up with unified branding and to roll it out in a thoughtful manner. It will not be "HotFourth" - we know that much!!

7. Where will the head office be?

Austin, Texas will become the Global Headquarters where the largest number of employees currently reside. London will be the UK/EMEA Regional Headquarters.

8. What is going to happen to our sales targets?

Both companies' plans will remain the same for 2019. We are now sharing pipeline details and collaborating on how to bring the best product set and resources to work with customers and prospects to address their needs. The combined product sets are highly complementary and should provide a significant opportunity to accelerate growth plans both within and outside the US customer base.

9. What is going to happen to Fourth's UK plan?

Fourth's UK or Core plan remains the same. Fourth's foundation is the UK market and it is a critical pillar in the combined company's growth and profitability. We will continue to be the industry leader in the UK market and provide the same great service and innovations to stay ahead of competitors.

10. What is our plan for 2020?

2020 is all about the new merged business! For the remainder of 2019 we will be working hard to plan a very exciting and successful 2020 and beyond.

11. Is there any more M&A on the horizon?

We will continue to evaluate opportunities which complement our combined product set, geographic reach and customer depth, as they arise. Nothing is currently imminent, but we will keep you apprised if and when the right opportunity comes along.

12. Does this impact Fourth's outsourced HR, Payroll and PEO Services in the US?

We believe there will be significant opportunity to sell payroll / HR / PEO services into the HotSchedules customer base in the US. This cross-sell opportunity is one of the key factors of the merger rationale. We believe that Fourth's organic strategy to sell Payroll Processing, HR and PEO (Professional Employer Organization) Services to the US Restaurant and Hospitality sector has now been turbo-charged with this merger. Please refer to www.fourth.com/en-us/editions for more information on some of this terminology.

13. Is the Print Business still part of the plan?

Absolutely! The print business supplies 25,000 customers with books that are essential for the smooth operation of over 80,000 locations. The print business will continue to operate exactly as it does today, led by Tom Frengillo, GM Manager's Red Book.

14. Who are our new investors?

Marlin Equity Partners, a technology-focused private equity firm based in Hermosa Beach, CA are the majority investor. Insight Venture Partners, Fourth's current private equity investor also stay invested in the business. This is the first time Marlin and Insight have co-owned a business together.

15. Who are Marlin Equity Partners?

Marlin Equity Partners are a global investment firm with almost \$7 billion of capital under management that is focused on investments within the software and technology vertical. Marlin partners with management teams to execute on strategies for long-term value creation and accelerating growth through organic initiatives and strategic add-on acquisitions. The firm is based in Hermosa Beach, CA with an additional office in London, UK.

16. Who are Insight Venture Partners?

Insight Venture Partners are a New York-based investment firm with \$20 billion of capital under management focused on growth investments in software companies. IVP have invested in over 200 portfolio companies since its founding in 1995. IVP has been an investor in Fourth since 2015 and have joined forces with Marlin to back this merger.

17. What attracted Marlin to invest in our companies?

Marlin met with management teams and evaluated opportunities across workforce management and back-of-house workflow management software over the last several years. The team was attracted to HotSchedules' and Fourth's leading market position within hospitality software solutions, the well-tenured and impressive teams, the significant market opportunity for a combined global solution and near-term opportunity to invest in bringing additional modules / solutions to the platform via organic and inorganic initiatives. The Marlin team have a deep history of providing strategic resources to enable management teams to capitalize on significant growth opportunities.

18. How large is the combined business?

The combined company has revenues of over \$170M and employs over 1,200 people.



19. Does this merger make us the biggest hospitality tech company in the world?

The combination of Fourth and HotSchedules brings together two market leaders with significant brand value in each of their respective core markets (US and UK). While we believe the combined Company is the leading hospitality workforce management and back-of-house solution provider in the US, there is significant runway for us to continue to build a significant enterprise. Today, the combined business serves over 30,000 customers covering over 200,000 site locations including 100,000+ software locations globally and employs over 1,200 people.

20. What's Marlin's exit strategy?

Marlin doesn't have an exit strategy right now – the plan is simply to become a very successful business and serve the industry brilliantly.

21. Why did HotSchedules' previous investors decide to sell the company?

TPG invested in HotSchedules in 2013 and after growing the business over a 6-year time period, determined that it was time for the business to bring in an investor with software-specific expertise to take the business to the next stage in its growth trajectory. Additionally, the timing was appropriate to bring additional investment into the business to support its collective vision of creating the leading end-to-end back-of-house software solutions for the hospitality sector.

22. Has Fourth acquired HotSchedules? Has HotSchedules acquired Fourth?

No, it's a merger. Prior to today, both companies had a very similar profile, similar revenues, similar employee counts and similar number of locations using their software. This is genuinely a merger of two equals.

23. Has this move been driven because you are worried about new competitors in the market?

No, both parties have been thriving in a competitive market because of the depth and breadth of their technology and customer service. Together the joint offerings become more compelling than any one single competitor and will enable our customers to have one end-to-end solution, rather than a dozen disparate systems.

24. Who is the CEO?

Ben Hood is the CEO of the new merged company, effective today July 10th. Ben is the co-founder of Fourth and you will all get to meet him soon. Ben's style is very open, he enjoys meeting all team members and hearing their feedback. His email address is ben@fourth.com and don't be shy!



25. Are the Exec Leadership teams still in place?

Ben Hood, Fourth's current CEO will be the newly merged company's CEO.

Mike Arenth the existing HotSchedules CEO will be leaving the business on the 10th July. All other Executive team members including David Cantu (HotSchedules original Co-Founder) will remain with the business. Their focus will be running their respective areas whilst working closely with each other to bring the plan together with the wider teams. In time, there will be a single combined Exec Team structured for the future success of the company, of which some elements are well underway.

26. Who do I work for now?

We are all still employed by the same company we were yesterday. There is a new company at the top of the corporate hierarchy that has been formed today. We will start to operate as one company in the future which will take time and careful planning - progress with these plans will be shared regularly.

25. Do I keep the same manager?

Yes. There are no immediate plans to change any teams. There will be some re-organization to do to bring together the two companies. We are working through this and will be collaborating with all the managers and key personnel to establish the best way forward. If you have any thoughts, ideas or concerns please make sure you speak to your manager or a member of the HR team.

27. Who will run Sales and Marketing?

This calendar year everything will remain the same except for having additional products to sell. Simon Bocca (Fourth's COO) and Ted Kondis (HotSchedules CRO) and Francois Wolf (CMO) will be forming a team to establish the vision for Sales and Marketing and this will include designing the right leadership structure for the future.

28. Who will run Technology?

Christian Berthelsen (Fourth's CTO) and Brian Gaffney (HotSchedules CTO) are working together and will continue leading their respective operations in the short term. Together, (with the support of their VPs, Directors and Managers) they will establish the future optimum technology leadership structure.

29. Who will run Operations?

Matt Leone (HotSchedules EVP Customer Management) and Simon Bocca (Fourth COO) will continue leading their respective operations. The VPs in the Operations Division will be collaborating with Matt and Simon and their counterparts to establish the right structure for the future.

30. Who will run Finance?

Bijal Patel (HotSchedules CFO) and Stuart Goldblatt (Fourth CFO) will be designing the finance function to ensure all territories are served appropriately. Given what needs to be done as part of the go forward plan it is likely the team will be centred in North America with a UK function supporting. Nothing is being done immediately and for the foreseeable future all finance functions will remain as they are.

29. Who will run HR?

Everything stays the same – Granya Gormley at HotSchedules and Jon Walder at Fourth will continue to lead their departments and will now start collaborating on how best to integrate the departments. Our people, the most important resource for our company will need the same level of support as they do now. HR will help facilitate communication to our team members in the months ahead as we know that is vitally important.

31. Who will run Legal?

John Herbst (HotSchedules Chief Legal Officer) and Mhairi Weir (Fourth General Counsel) will continue to lead their operations and will work together to establish the optimal legal and corporate governance structure for the new organization.

32. What Labor solution will be sold in the US market?

HotSchedules Labor is the market-leading product in the US and we will join it with Fourth's HR, Payroll and Analytics to provide a truly unique end-to-end workforce management solution to the entire US restaurant and hospitality market.

33. What incremental products will be available from Fourth to HotSchedules customers?

Applicant Tracking (ATS) & Onboarding, HR, Payroll, Analytics, Payroll Processing, Outsourced HR and PEO (Professional Employer Organization) Services.

34. What incremental products will be available from HotSchedules to Fourth customers?

The Product Teams are establishing which HotSchedules products can be available to Fourth's UK customers. We believe there may be an opportunity to sell LMS and Task Management in the UK as these are products that Fourth has not built previously.

35. What happens to Clarifi Inventory?

The combined business has a wealth of knowledge and experience in building and delivering Purchase to Pay and Inventory solutions to the hospitality industry. The combined business will have multiple Purchasing and Inventory solutions used in 1000's of locations covering almost every sector in restaurants and hospitality - casual dining, fine dining, quick serve, hotels, leisure, contract catering - more than 60 countries. With such a rich user base and products we need to evaluate how to combine the best of what we have, simplify both product offering and engineering effort and move towards the next-gen.

34. What happens to MacromatiX?

Our MacromatiX customers are some of the largest customers of the combined organization and supporting them is a critical part of the strategy. As the product teams identify the differences between the Inventory solutions there will be opportunities to support the MacromatiX customers better in the future and demonstrate a more tangible roadmap for next-gen migration

36. Will new customers use Fourth's or HotSchedules scheduling solution?

In the US, we will promote HotSchedules functionality with the Fourth additional modules for ATS, Onboarding, HR, Payroll and Analytics. The UK, product set will stay the same in the short/medium term.

37. That means we have 3 scheduling tools – will we keep all of them?

We will have an end-to-end solution for both UK and US. In the US it will be HotSchedules Labor for scheduling and Fourth's HR, Payroll and Analytics. In the UK it will be exactly as it is today using Fourth's current solutions.

38. Are there plans for joint development and/or innovations?

Yes - we are bringing two highly innovative companies and great teams together with a view to combine our resources to out-innovate any of our competitors in the market - in the US, in the UK and globally.

39. Will there be more investment in the tech/bug fixes?

We will build momentum on service improvement plans and reduction in the cost to serve our customer base. The way we make decisions on where to prioritise our tech investments will come together as a global Product-centric business.

40. Each company has a strong values-based culture – what will happen now we are twice the size?

Both businesses have been based on a strong values-based culture and this will continue and strengthen. The values, mission and purpose of each company are similar. Fourth's values are Honesty, Simplicity, Effectiveness, Quality and Fun. The HotSchedules values are Hospitality, Empathy, Innovation, Community, Fun and Accountability. We are sure we will have some fun together agreeing the right values for the future.

41. Will there be redundancies / lay-offs?

As part of the rationale for this merger some synergies have been identified and there are some duplication of roles because of this merger. There may also be future product- related decisions that mean engineering teams will need to evolve. We will be very transparent on this as quickly as possible and we will always look to redeploy and retain the right people. The basis and thesis underpinning the merger centres on the growth opportunity, so we anticipate we will add many more team members to support the needs of the business in the future.

42. Will there be office closures?

The main offices will remain, however both companies have various operations running from smaller / satellite offices. These will naturally be reviewed with a view to consolidating, growing or leaving alone. It has been decided that the HotSchedules San Francisco office will close at the end of September.

43. Will there be more opportunities to move into other areas and/or growth with the company?

The merger is designed to enable the two companies to grow faster as one - which means more opportunities for team members looking for exciting opportunities in the new, bigger business.

44. Will this impact the pay review cycle and dates, or my existing contract?

No. All current terms and conditions on pay and benefits remain the same.

45. Will payroll practices / payroll frequency change?

We do not anticipate any changes in pay frequency or payroll practices. At some point in the future we may use our own Payroll and Benefits solution to process the pay and benefits for all our US employees.

46. What does this mean about our Benefits? PTO? Holiday Schedule?

There will be no change to our benefits programs this year. As we do every year, we will enter into our renewal process with a commitment to create a competitive benefit package for our team members for a 1st January 2020 effective date.

47. How does this impact the remaining 2019 targets?

This does not impact 2019 targets at Fourth or HotSchedules. Overall, we want to ensure everyone can achieve their specific targets and those who have financial incentives to do so will be supported to make sure that can happen.

48. What happens to Fourth's Tampa Office as I thought that was Fourth's US Head Office.

The Tampa Office will continue to do everything it does today and grow as we introduce payroll, HR and PEO services to the US HotSchedules customers (over 30,000 restaurants).

49. Will we keep two Customer Care / Support Teams?

Yes, coverage will remain the same. It instinctively feels that US customers should be served from the US Service Centre and UK/EMEA customers would be served from the UK Service Centre. Dereck Manners (Fourth VP Service) and Ray Gallagher (HotSchedules VP Customer Care) will start collaborating now on designing the best way to support our customers.

50. When is this being announced to our customers and users?

A press release is being sent out today and we expect many US and UK media organizations to pick up and carry this news. We are updating the websites and the announcement will be on both home pages with a link to the press release and some Customer FAQ's. The news is also going to be shared on social media channels.

51. Is there a communication plan in place for our customers?

We will provide talk tracks and guidelines to ensure you can answer any questions that may arise. Our Executives have already notified our key customers of this exciting news and they are thrilled to continue our strong relationship.

52. How will this impact Fourth existing US customers and prospects?

This needs really careful consideration and planning. It will also depend on when the integration between Fourth and HotSchedules products is complete. Discussions and workshops are starting now.

53. What does the merger mean for Fourth's UK customers? How will they benefit?

They will continue to get the same great product set and level of service. As the UK Product Team gets to understand the HotSchedules functionality better it should identify some specific benefits which can be introduced into the UK customer base - this may include LMS (Learning Management) and Log Book.

54. Are there any changes to who our customers deal with day-to-day?

No changes at all. We need to empower all the customer-facing employees with information to be able to talk about this merger.

55. Do you plan to change the current prices for the software?

Customers will continue to pay as per their contracts. We will be working with the sales, marketing and customer success teams to establish how to introduce new products and that will mean our customers will renew on a new contract.