



CoStar Group & LinkedIn

Case Connoisseurs

Gabriel Adest, Andrei Tudor,
Aashman Srivastava & Veer Malhan

01

Meet the Team
About Us

02

Economic Overview
What's Happening?

03

Traditional Organizations
How Do They Look Globally?

04

CoStar Group:
An Introduction

05

CoStar Group:
Their Organizational Structure

06

Work Chart Structures:
What are they?

07

Recommendations
Leveraging LinkedIn's tools

08

The Impact
What are the results?

Meet the Team

Gabriel Adest
New Jersey, USA



Andrei Tudor
Bucharest, Romania



Aashman Srivastava
Singapore



Veer Malhan
Hyderabad, India



85% Executives want to redesign organizations

25% Pay increase for non-degree hires (*former degree roles*)

39% Job skills to change by 2030



-6%

Employee Churn



+17%

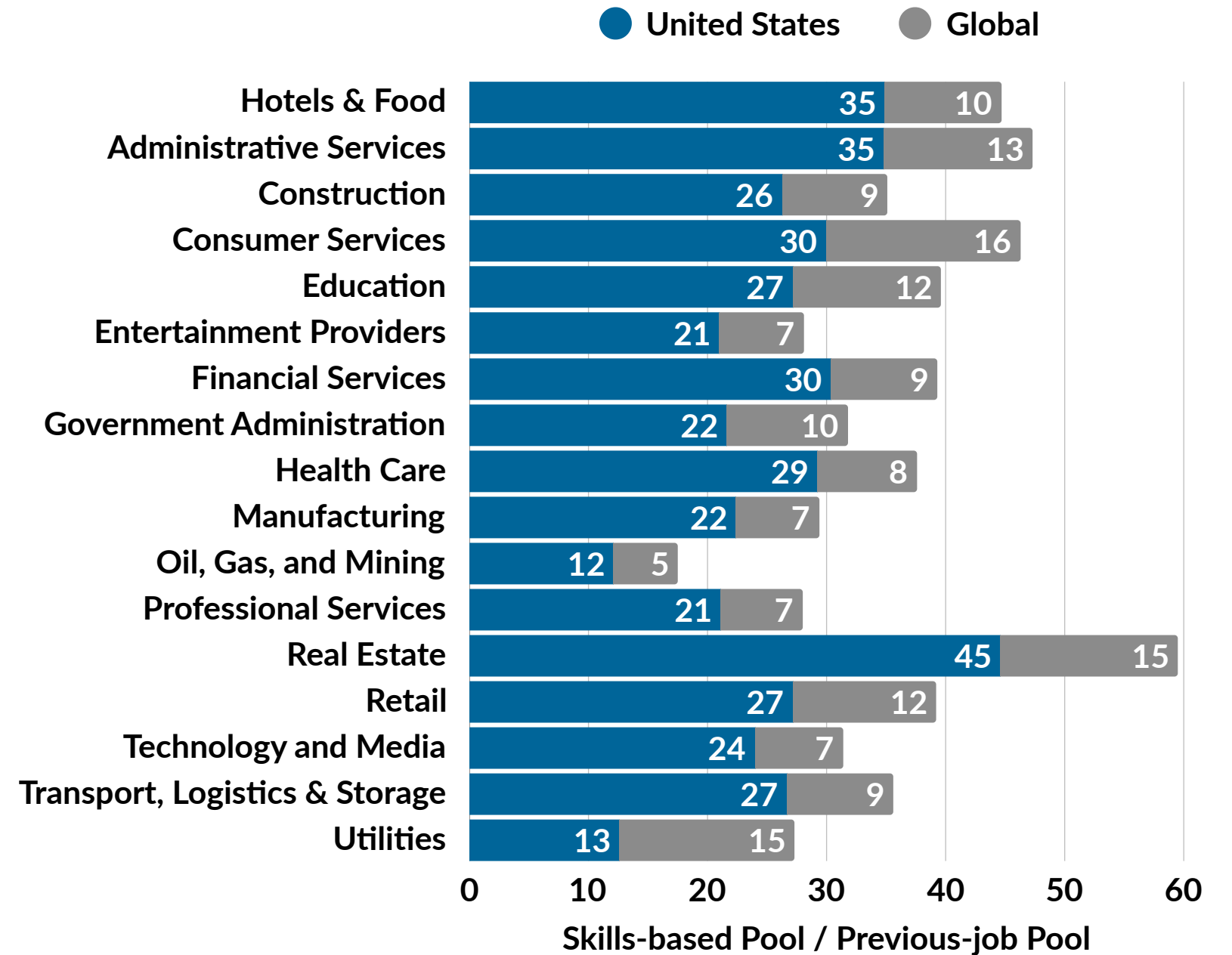
Productivity



+19%

Net Income

Skills-first Talent Pool Increase by Industry



Sources: WEFForum, 2025; Deloitte, 2025; Harvard Business School, 2025 (Appendix A); LinkedIn Economics Graph, 2025 (Appendix B); Appendix V, X, 11

Bureaucratic Hierarchy

Power Imbalances
Minimal Autonomy

Division of Labour

Siloed Teams
Poor Coordination

Standardized Procedures

Outdated workflows
Inflexibility

General Motors

GM's over-segmentation created siloed subsidiaries that led to duplicated work, resulting in development cycles of 48 months versus Toyota's 24 months.

The Impact: Market share fell from 46% (1980) to 21.5% (2008).



Nokia

Nokia's bureaucratic hierarchy led to slow decision-making, resulting in smartphone launches being delayed by 6-12 months and multiple cancelled projects.

The Impact: Symbian OS's R&D costs rose to ~\$1.4B (2008)

STAGNATION

Who are they?

Industry Baseline

- Founded in 1987, DC
- Market leader in real estate data and online marketplaces.

“We are digitizing the world’s real estate”



\$2.7B (+11% YoY)
Revenue (2024)

43 Subsidiaries
Registered in 13 Countries

\$2.2B (+29%) - Operating Expenses

\$4.7M (-98.3%) - Operating Income

\$374.7M → \$138.7M
Net Income (2023 - 2024)

Zillow

- Revenue: **\$2.2B** (2024), +15% YoY
- Operating Expenses: +6% YoY
- Net Income: **-29%** (2024)
- **18 Subsidiaries**

Marcus & Millichap

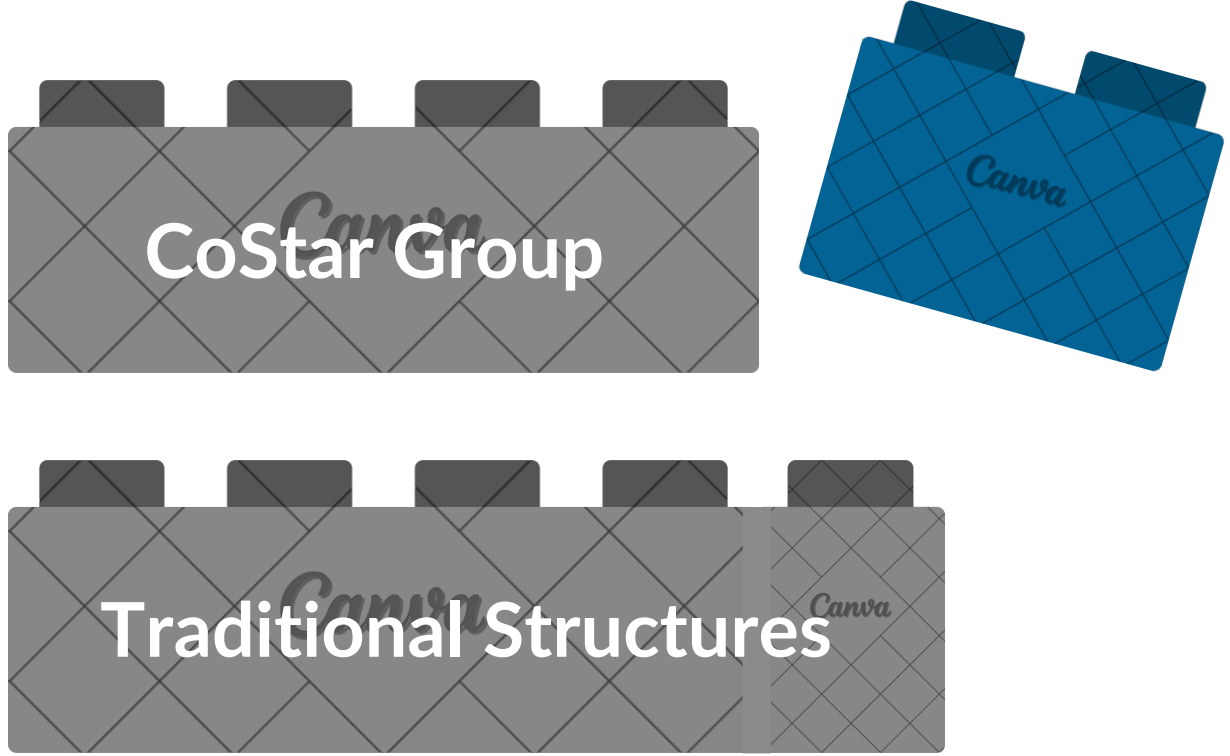
- Revenue: **\$0.6B** (2024), +5.3% YoY
- Operating Expenses: -5.2% YoY
- Net Income: **63.7%** Increase
- **5 Companies**

Sources: CoStar, 2025; SEC, 2024; Zillow Group, 2025; Appendix F, G, H, I, J, K

8400+
Employees Globally
+1,500 New Employees (2024)

43
Subsidiaries
Highly Specialized

90%
Contract Renewal
Standardized Procedures

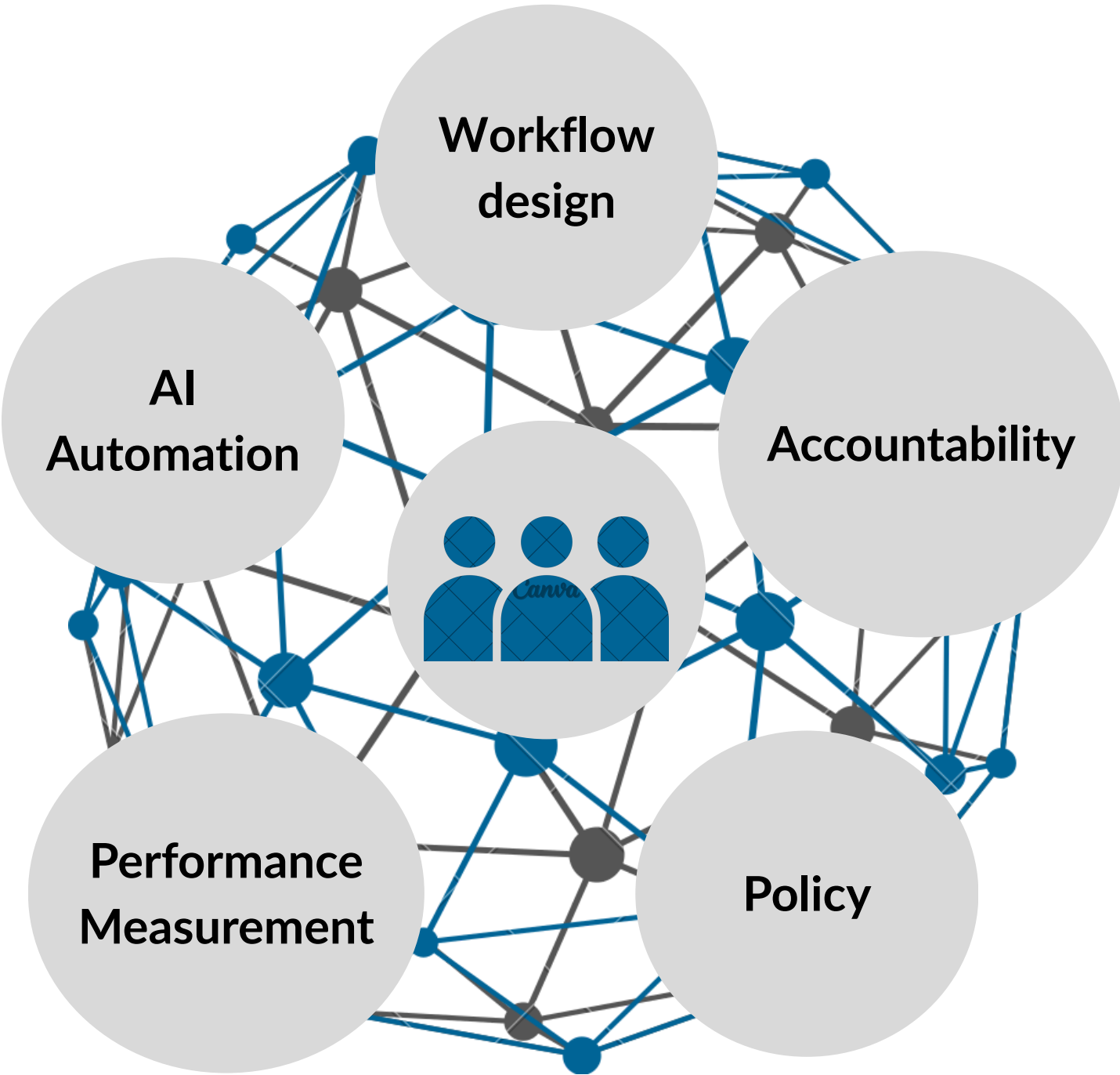


3.2/5
Work-Life Rating
Some Autonomy

2.4/5
Management Rating
Disrupted Communication

2.5/5
Culture Rating
Inconsistent Values

Sources: SEC 2024; CoStar, 2025; Indeed, 2025; Glassdoor, 2025; Appendix G



Improved Talent Visibility

Increased Productivity

Reduced Hiring Costs

Continuous Innovation



Unilever's AI-Powered "Flex" Marketplace

- Redeployment of +500,000 employee hours across +3,000 projects.
- Implemented in 90+ countries.

41% Improvement in Overall Productivity

Sources: Gloat, 2023; Unilever, 2023

Employee Resistance

37%
Resist Change

Complexity

70%
Change Efforts Fail

Data Privacy

86%
Care about Data Privacy

Work Chart Risks



Performance Review Chaos

Work on multiple projects evaluated differently



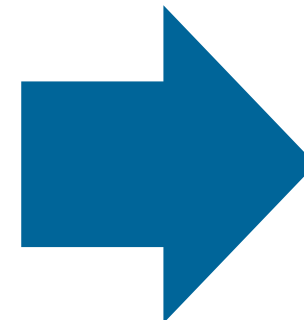
Skill "Fiction"

Employee overestimates their ability



The Blind Handoff

AI output trusted blindly



Work Chart Mitigants

Unified Review System

Internal impartial & comprehensive HR system

Deliverable Checks

Automated review of skills on client work

AI Output Responsibility

Policy of responsibility of AI systems output

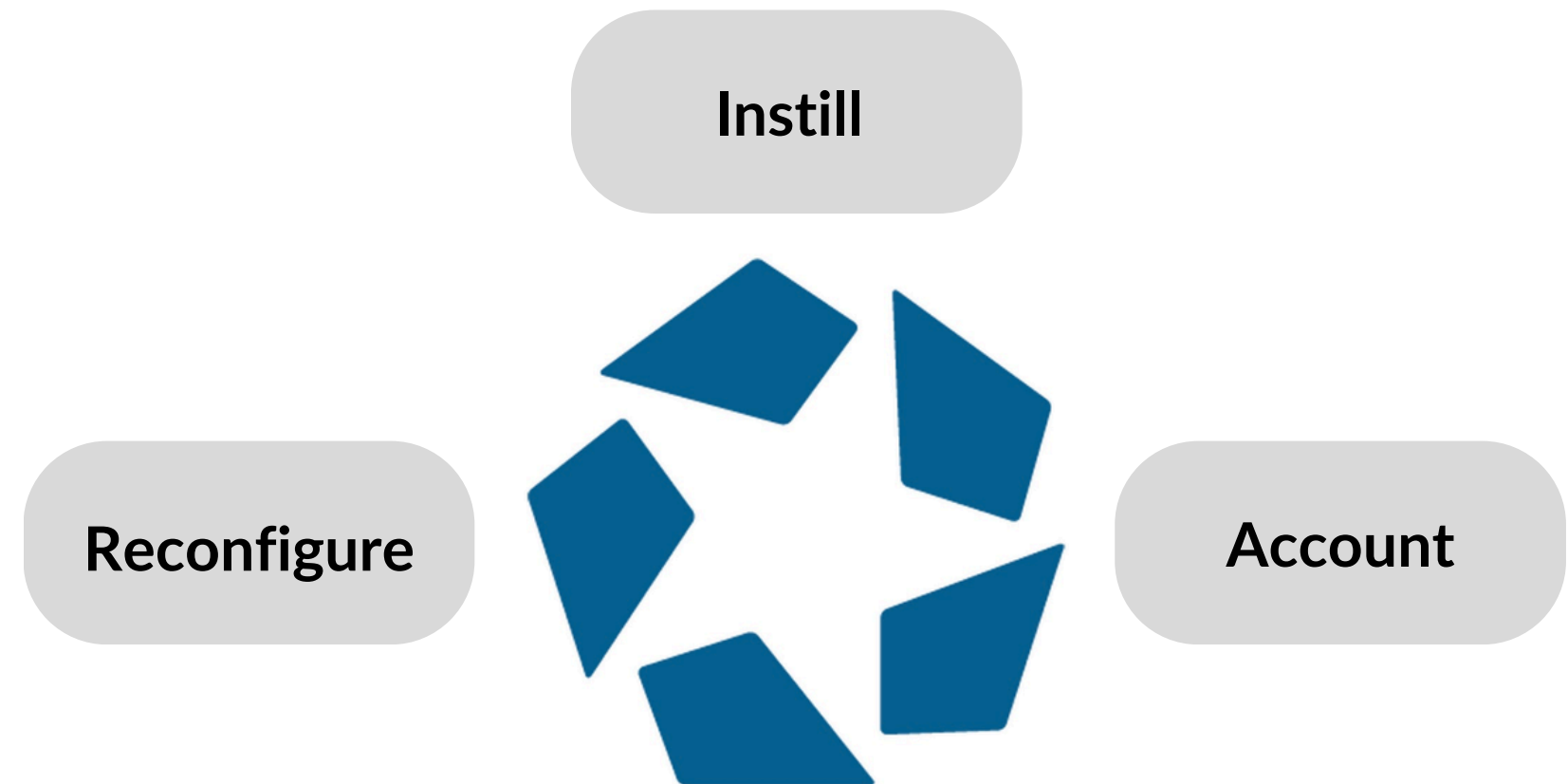


Microsoft

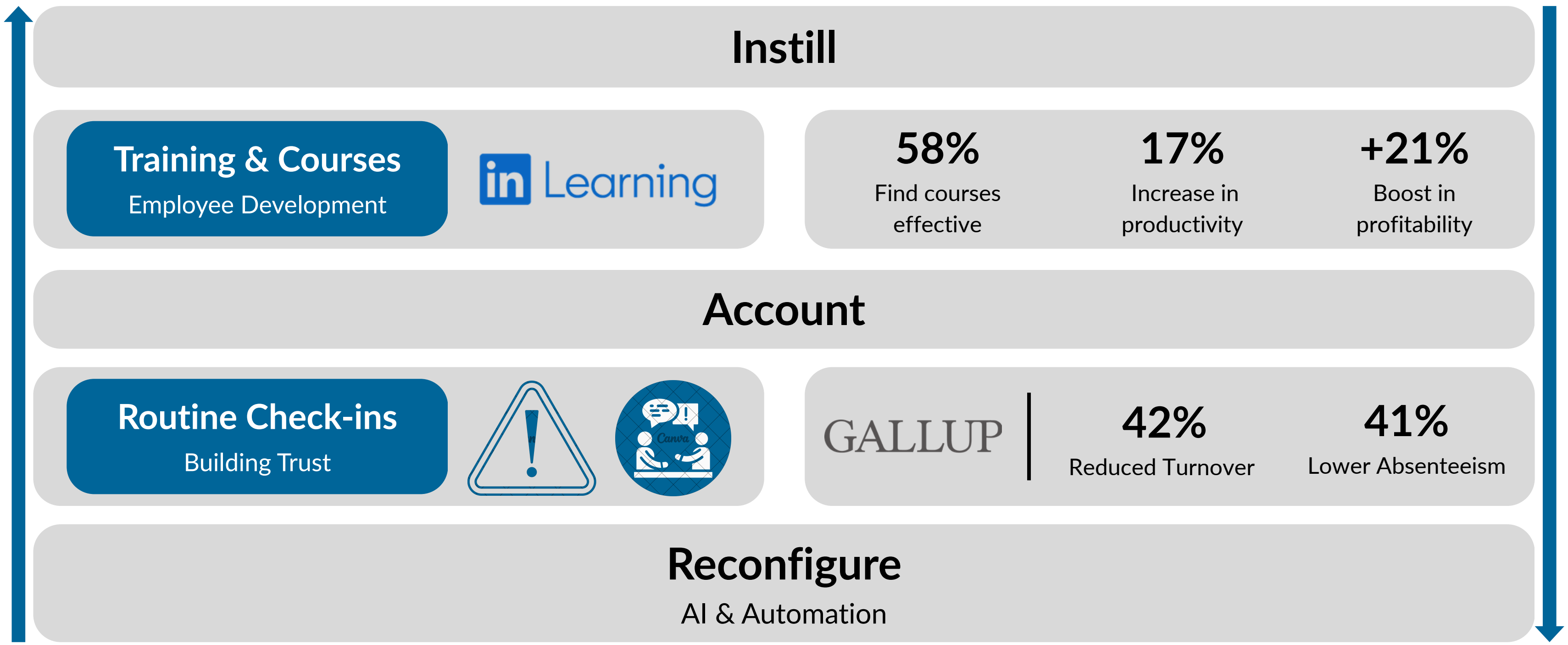
Incentives +23% Employee Satisfaction	Engagement ~18,000 Employees at Hackathons	Inspirational Leaders +90% Nadella's Glassdoor Rating
---	--	---

- E** Equality
- T** Transparency
- A** Adaptability

Future Outlook - Anticipating Change



Source: HBS 2020; Microsoft 2024; Appendix L



Source: HBS 2025; Deloitte 2022; Gallup 2016

Transition CoStar to a Skills-Based Operating Model

Visibility

Make Skills the Unit of Workforce Visibility

View of workforce skills integrated with HRIS

33%

Orgs. have a single source of skills data *today*

Deployment

Deploy Talent by Skills, Not Titles

AI matching and marketplace to staff work

107%

More likely to place talent effectively

Mobility

Embed Career Mobility and Learning into the System

Give transparent paths aligned to future demand

98%

More likely to retain high performers

Organizations embedding skills-based models are 63% more likely to achieve business results

Sources: Deloitte, 2025

Target Buyers

Primary Sponsor

- CHRO – workforce planning & retention
- COO – staffing & execution efficiency



Decision authority remains with enterprise leadership

Value Proposition

- Higher internal mobility vs industry baseline
- Early detection of critical skill gaps
- Reduced reliance on external hiring



Skills-based organizations are 79% more likely to have a positive workforce experience

Entry Strategy

- 2 high-growth business units: Homes.com + Matterport
- 6-month pilot
- Focus on AI-related projects



Success measured by:

Days to staff projects

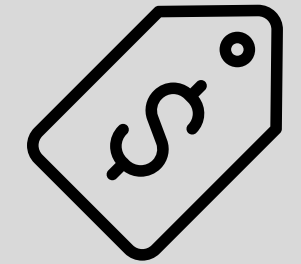
% Roles filled internally

Retention of high demand skill groups

Pricing and Expansion

Enterprise Tiered Model

- Insight – \$18 / employee / month
- Activate – \$32 / employee / month
- Transform – \$48 / employee / month



ROI driven by hiring cost avoidance and retention gains

LinkedIn's Tools in Action

Skill Graph

Standardizes CoStar's job skills into universal taxonomy
Maps employee skills to LinkedIn's 40K+ skill categories

Economic Graph

Benchmarks CoStar against industry/regional competitors
Tracks workforce confidence and labor market trends

Talent Insights

Generates Structural Heatmap showing departmental skill gaps
Identifies high-friction areas and capacity loss

in
Work Intelligence
Client: CoStar Group

Transform
Transform

WORKFORCE INTELLIGENCE

Overview
Skill Heatmaps
Forecasting
Risk Dashboard

TALENT DEPLOYMENT

Marketplace
AI Matching
Team Assembly

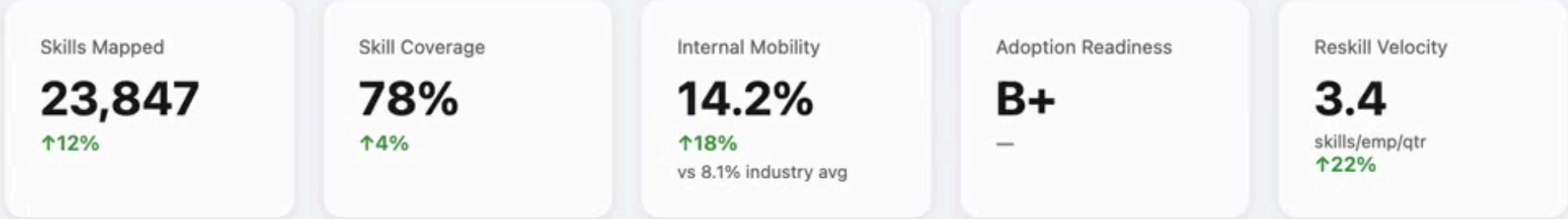
CAREER INTELLIGENCE

Powered by LinkedIn Economic Graph

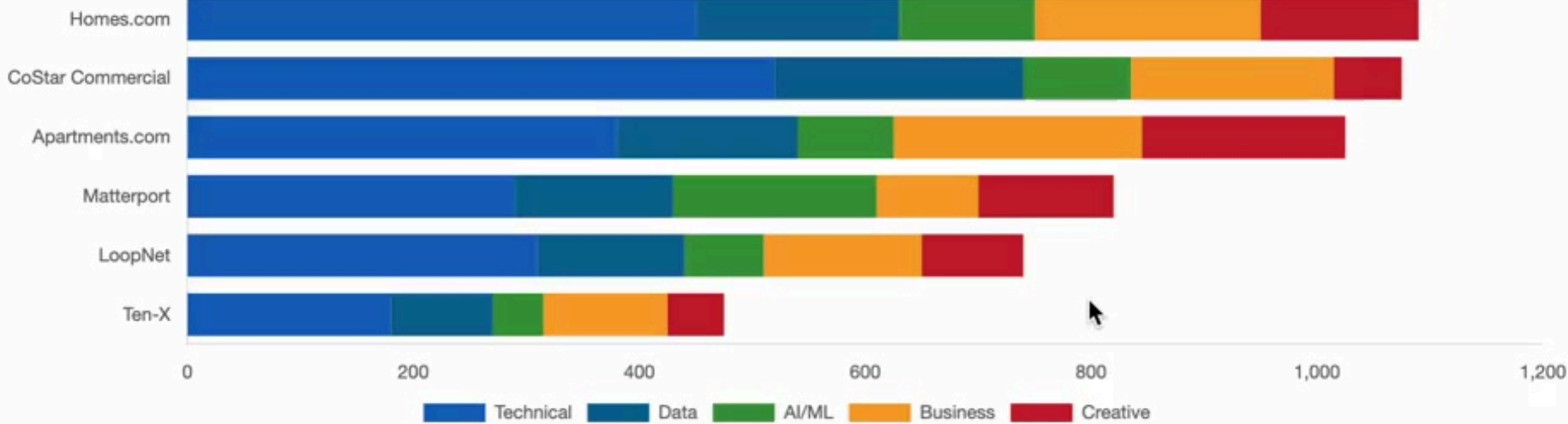
Workforce Intelligence Overview

CoStar Group — 6,593 employees across 12 business units

AU Admin User






Skill Distribution by Business Unit

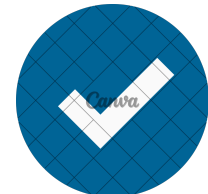
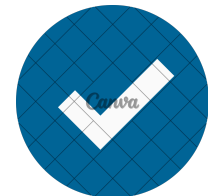
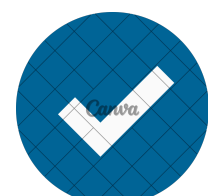


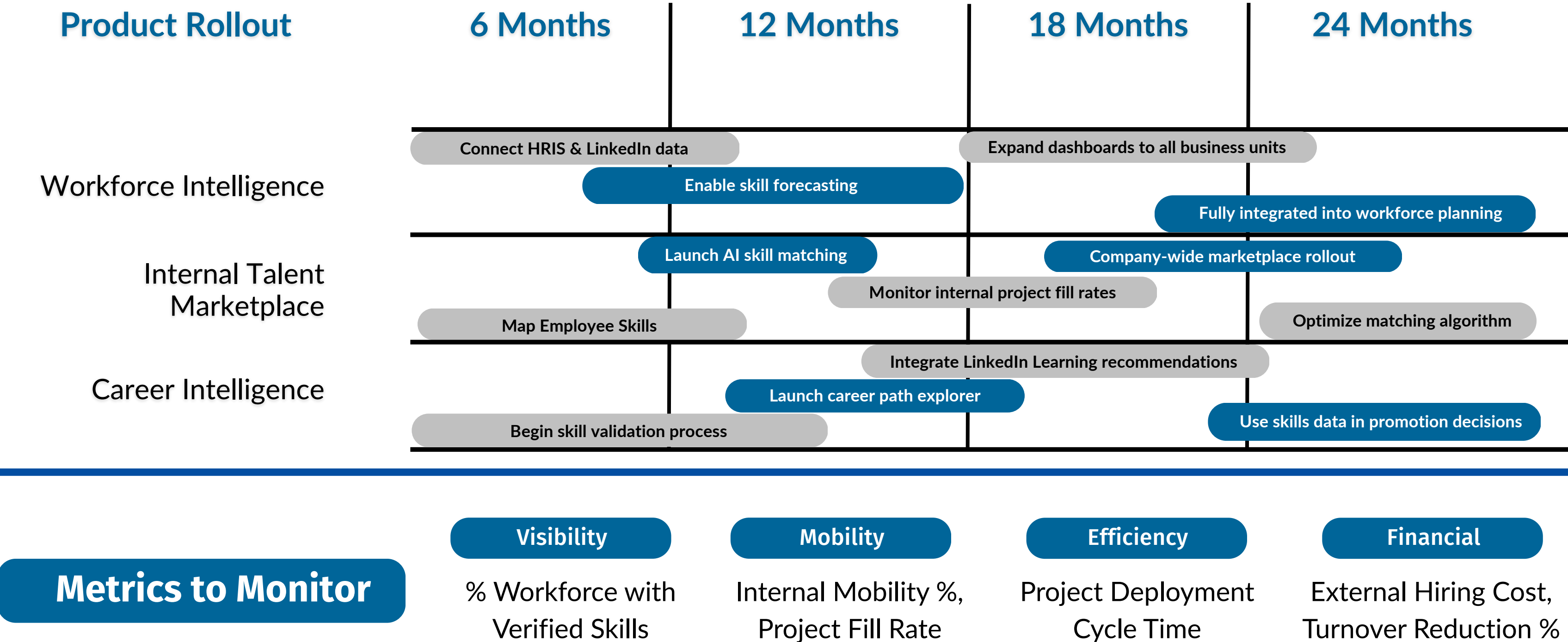
Sources: Appendix N, O, P, Q, R

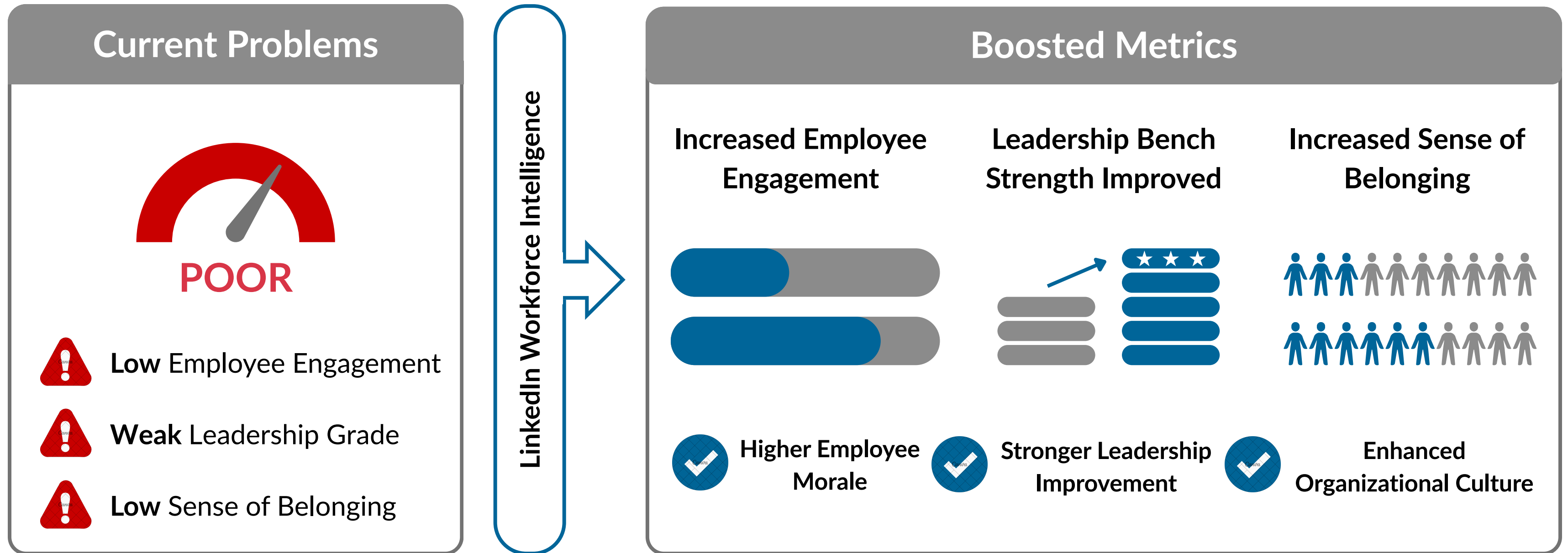
Risks

-  **Employee distrust** and fear of AI-based workforce monitoring
-  **Incomplete or inaccurate** internal skill data reducing system credibility
-  **Manager resistance** to shifting from hierarchy to skills-based deployment

Mitigants

-  **Transparent communication** and opt-in, human-centered platform design
-  AI-inferred skills confirmed through **manager and employee review**
-  Train managers on **talent stewardship**; tie metrics to employee development

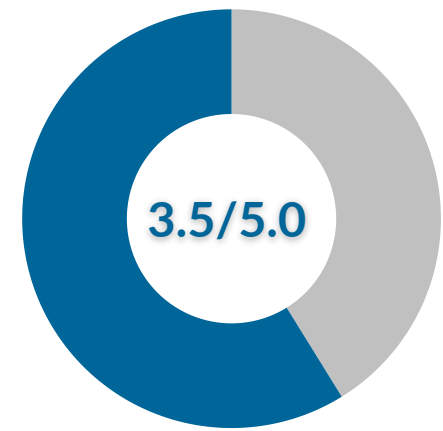




Enhancing CoStar's Performance and Culture with LinkedIn Workforce Intelligence

Sources: Factset, 2025; Bloomberg, 2025; CoStar, 2024

Human Capital Uplift



Sense of Belonging Score

↑ **15%**
Employee Engagement Increase

C+
Leadership Grade

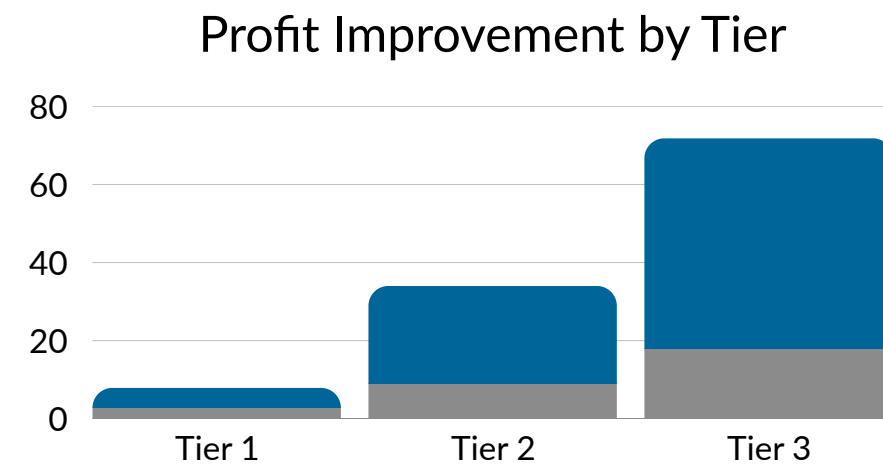
17% ↑ Productivity

Unlocked Revenue Growth

Higher Productivity

Higher Volume

Operating Leverage



Value Creation

Volume Logic **+~58M Revenue**

Employee Churn **Reduced to 6%**

Margin Expansion **Up to 2.3%**

NPV Analysis **\$216,980,096 5-year NPV**

3-Statement Model **+15% (Proj. vs Current NI)**

DCF Model **59.9% Implied Upside**

Immense Impact: Competence Over Credentials Prevails

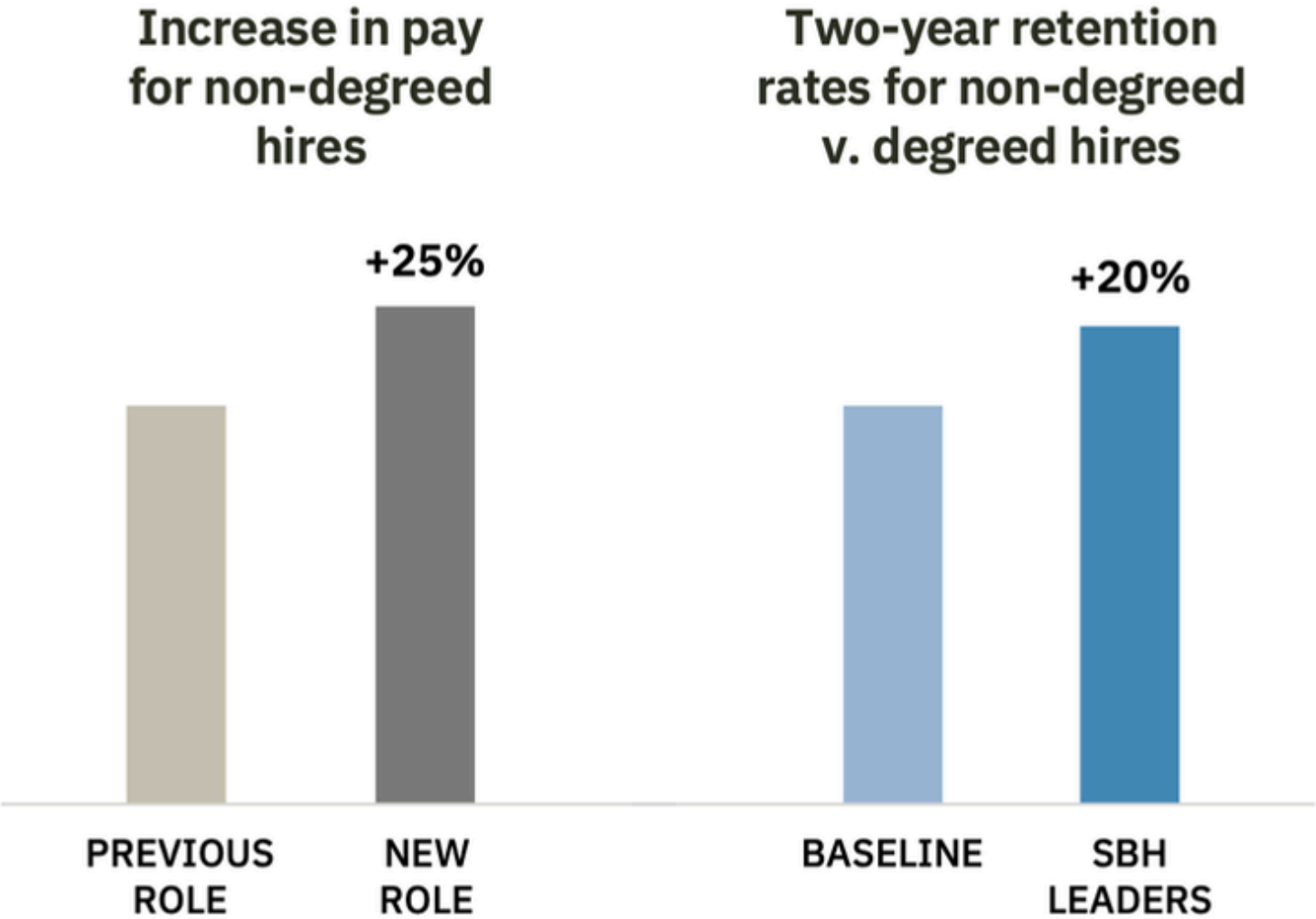
Sources: Factset, 2025; Bloomberg, 2025; CoStar, 2024, Appendix F1, G1, H1, I1

Thank You

Appendix

Appendix A: Harvard Business School & The Burning Glass Institute

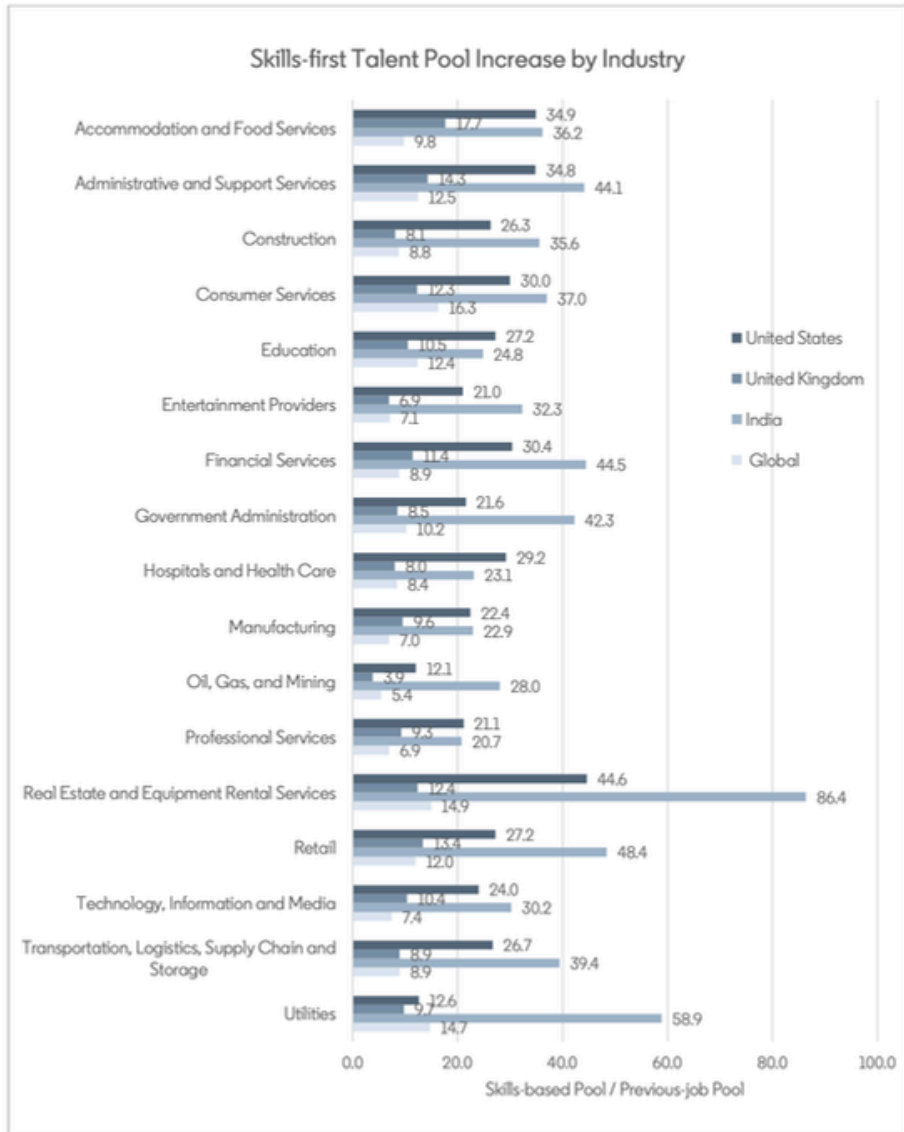
FIGURE 8



Appendix B: LinkedIn Economic Graph

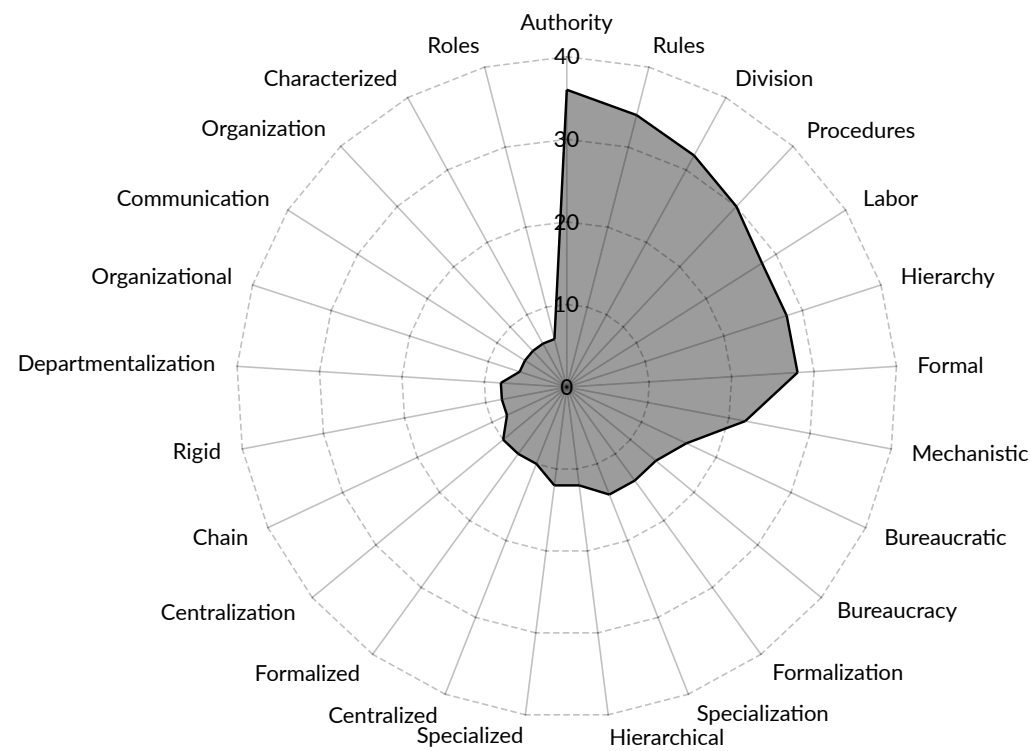
LinkedIn Economic Graph

Skills-Based Hiring 2025 Report



Source: LinkedIn Economic Graph Research Institute

Appendix C: Frequency of Descriptors for Traditional Orgs.



Appendix D: Grouping by Pillar

Pillar	Words (from Top-25)
Hierarchy	authority, hierarchy, hierarchical, chain, centralized, centralization
Division of labor	division, labor, specialization, specialized, departmentalization, roles
Standardized procedures	rules, procedures, formal, formalized, formalization
Bridge terms	communication, organizational, organization, bureaucratic, bureaucracy, mechanistic, rigid, characterized

Appendix E: Dimensions of Structure in Effective Organizations - Bernard C. Reimann (2008)

TABLE 2
Rank Correlation Coefficients Between Structural Variables for All Nineteen Firms

Variable	1	2	3	4	5	6	7	8	9	10	11
1. Functional specialization	—										
2. Formalization	.03	—									
3. Lack of autonomy	-.36	.49*	—								
4. Functional dispersion	-.11	.05	-.17	—							
5. Delegation	.13	.33	-.37	.41	—						
6. Vertical span	.71°	.06	-.42	-.26	.05	—					
7. Staff density	-.05	.27	.38	-.34	-.41	.13	—				
8. Administrative density	-.21	.07	-.10	.00	.31	-.19	.14	—			
9. Functional specificity	.60*	.36	.23	-.17	-.05	.33	.07	-.04	—		
10. Hierarchical control	-.48*	.37	.31	.35	.17	-.20	.18	.29	-.12	—	
11. Centralization index	-.38	-.20	.43	-.17	-.72*	-.43	.42	.18	.06	.06	—

*p < .05

TABLE 3
Rank Correlation Coefficients Between Structural Variables for Ten High Performance Firms

Variable	1	2	3	4	5	6	7	8	9	10	11
1. Functional specialization	—										
2. Formalization	-.07	—									
3. Lack of autonomy	-.07	.74°	—								
4. Functional dispersion	-.66*	.28	.28	—							
5. Delegation	-.45	.37	-.17	.39	—						
6. Vertical span	.82°	-.17	-.27	-.69*	-.30	—					
7. Staff density	.63	-.22	-.04	-.77*	-.46	.46	—				
8. Administrative density	-.51	-.11	-.07	-.18	.31	-.41	.04	—			
9. Functional specificity	.49	.43	.54	.04	-.11	.29	.01	-.35	—		
10. Hierarchical control	-.51	.31	.16	.24	.49	-.14	-.18	.36	-.12	—	
11. Centralization index	.11	-.41	.20	-.18	-.81*	-.15	.24	.08	.05	-.47	—

*p < .05

TABLE 4
Rank Correlation Coefficients Between Structural Variables for Nine Low Performing Firms

Variable	1	2	3	4	5	6	7	8	9	10	11
1. Functional specialization	—										
2. Formalization	.13	—									
3. Lack of autonomy	-.70°	.07	—								
4. Functional dispersion	.40	.49	-.24	—							
5. Delegation	.56	.54	-.25	.49	—						
6. Vertical span	.76*	.43	-.75*	.52	.84*	—					
7. Staff density	-.63	.48	.66°	.12	-.18	-.45	—				
8. Administrative density	.03	.13	-.47	.42	.23	.19	.27	—			
9. Functional specificity	.74*	.19	-.37	.59	.18	.45	-.25	.14	—		
10. Hierarchical control	-.47	.41	.35	.52	.08	-.06	.62	.32	0	—	
11. Centralization index	-.66	-.09	.69*	.03	-.73*	-.75°	.69°	.13	-.04	.53	—

*p < .05

Appendix F: CoStar (Consolidated Results of Operations) (2024)

	Year Ended December 31,					
	2024		2023		2022	
Revenues	\$ 2,736.2	100 %	\$ 2,455.0	100 %	\$ 2,182.4	100 %
Cost of revenues	558.5	20	491.5	20	414.0	19
Gross profit	2,177.7	80	1,963.5	80	1,768.4	81
Operating expenses:						
Selling and marketing (excluding customer base amortization)	1,364.3	50	989.9	40	684.2	31
Software development	325.3	12	267.6	11	220.9	10
General and administrative	439.1	16	381.5	16	338.7	16
Customer base amortization	44.3	2	42.2	2	73.6	3
Total operating expenses ⁽¹⁾	2,173.0	79	1,681.2	68	1,317.4	60
Income from operations ⁽¹⁾	4.7	—	282.3	11	451.0	21
Interest income, net	212.5	8	213.6	9	32.1	1
Other (expense) income, net	(7.1)	—	5.4	—	3.4	—
Income before income taxes ⁽¹⁾	210.1	8	501.3	20	486.5	22
Income tax expense	71.4	3	126.6	5	117.0	5
Net income ⁽¹⁾	\$ 138.7	5 %	\$ 374.7	15 %	\$ 369.5	17 %

⁽¹⁾ Amounts may not foot due to rounding.

Appendix G: CoStar (Subsidiaries of the Registrant) (2024)

Subsidiaries of the Registrant

Entity	Jurisdiction
Agents' Mutual Limited	United Kingdom
AM Tempco Limited	United Kingdom
BIH	France
Comreal Info	France
CoStar Central Place HQ, LLC	Delaware
CoStar Espana, S.L.	Spain
CoStar Field Research, LLC	Delaware
CoStar International, LLC	Delaware
CoStar Italy S.r.l.	Italy
CoStar Realty Information Canada Ltd.	British Columbia
CoStar Realty Information, Inc.	Delaware
CoStar UK Limited	United Kingdom
Cozy Insurance Services, LLC	Florida
Cozy Services, LLC	Delaware
Glanty LTD	United Kingdom
Grecam S.A.S.	France
Homes Media Solutions, LLC	Virginia
Homes.com, LLC	Delaware
Homesnap, LLC	Delaware
OnTheMarket LTD	United Kingdom
STR Australia Pty Ltd.	Australia
STR Benchmarking Indonesia	Indonesia
STR Benchmarking Solutions (Beijing) Co., Ltd	PRC
STR Columbia SAS	Columbia
STR Germany GmbH	Germany
STR Global Singapore Private Limited	Singapore
STR Japan GK (STR Japan Limited)	Japan
STR, LLC	Delaware
Ten-X, Inc.	Delaware
Ten-X, Inc.	Connecticut
Ten-X, LLC	Delaware
The Screening Pros, LLC	California
Thomas Daily GmbH	Germany
Virginia Property Holdings II, LLC	Delaware
Visual Lease, LLC	Delaware

Appendix H: Zillow (Cost & Expenses, Gross Profit and Other Items) (2024)

Costs and Expenses, Gross Profit and Other Items

	Year Ended December 31,		2023 to 2024		% of Total Revenue	
	2024	2023	\$ Change	% Change	2024	2023
	(in millions, except percentages)					
Cost of revenue	\$ 527	\$ 421	\$ 106	25 %	24 %	22 %
Gross profit	1,709	1,524	185	12	76	78
Operating expenses:						
Sales and marketing	790	658	132	20	35	34
Technology and development	585	560	25	4	26	29
General and administrative	524	553	(29)	(5)	23	28
Impairment and restructuring costs	6	19	(13)	(68)	—	1
Acquisition-related costs	1	4	(3)	(75)	—	—
Total operating expenses	1,906	1,794	112	6	85	92
Gain (loss) on extinguishment of debt	(1)	1	(2)	N/A	—	—
Other income, net	127	151	(24)	(16)	6	8
Interest expense	36	36	—	—	2	2
Income tax expense	5	4	1	25	—	—

Appendix I: Zillow (Subsidiaries of the Registrant) (2024)

Name	Place of Organization
MFTB Holdco, Inc.	Washington Corporation
Zillow, Inc.	Washington Corporation
Zillow Group Marketplace, Inc.	Washington Corporation
Zillow (Canada), Inc.	British Columbia Corporation
Trulia, LLC	Delaware Limited Liability Company
Naked Apartments, LLC	Delaware Limited Liability Company
Bridge Interactive Group, LLC	Georgia Limited Liability Company
DotLoop, LLC	Delaware Limited Liability Company
FastStart Real Estate Services Holdco, Inc.	Washington Corporation
FastStart Real Estate Services, LLC	Nevada Limited Liability Company
RealEstate.com Inc.	Nevada Corporation
FastStart Real Estate Services (Canada) Corporation	Nova Scotia Corporation
FastStart Real Estate Services (California), Inc.	Nevada Corporation
New Home Feed, Inc.	California Corporation
Signpost Homes, Inc.	Washington Corporation
Mortgage Lenders of America, L.L.C.	Kansas Limited Liability Company
SPH Property One, LLC	Delaware Limited Liability Company
ZGM Holdco, Inc.	Washington Corporation

Appendix J: Marcus & Millichap (Marcus & Millichap and Subsidiaries Consolidated Statements of Comprehensive Loss) (2024)

Comparison of Years Ended December 31, 2024 and 2023

Below are key operating results for the year ended December 31, 2024 compared to the results for the year ended December 31, 2023 (dollars in thousands):

	Year Ended December 31 2024,	Percentage of Revenue	Year Ended December 31 2023,	Percentage of Revenue	Change	
					Dollars	Percentage
Revenue:						
Real estate brokerage commissions	\$ 589,695	84.7 %	\$ 559,752	86.6 %	\$ 29,943	5.3 %
Financing fees	84,512	12.1	66,898	10.4	17,614	26.3 %
Other revenue	21,853	3.2	19,277	3.0	2,576	13.4 %
Total revenue	696,060	100	645,927	100	50,133	7.8 %
Operating expenses:						
Cost of services	431,471	62.0	406,645	63.0	24,826	6.1 %
Selling, general and administrative	280,909	40.3	285,023	44.1	(4,114)	(1.4) %
Depreciation and amortization	16,589	2.4	13,627	2.1	2,962	21.7 %
Total operating expenses	728,969	104.7	705,295	109.2	23,674	3.4 %
Operating (loss) income	(32,909)	(4.7)	(59,368)	(9.2)	26,459	(44.6) %
Other income, net	20,693	2.9	19,855	3.0	838	4.2 %
Interest expense	(812)	(0.1)	(888)	(0.1)	76	(8.6) %
Loss before benefit for income taxes	(13,028)	(1.9)	(40,401)	(6.3)	27,373	(67.8) %
Benefit for income taxes	(666)	(0.1)	(6,366)	(1.0)	5,700	(89.5) %
Net loss	\$ (12,362)	(1.8) %	\$ (34,035)	(5.3) %	\$ 21,673	(63.7) %
Adjusted EBITDA ⁽¹⁾	\$ 9,372	1.3 %	\$ (19,630)	(3.0) %	\$ 29,002	147.7 %

	Years Ended December 31,		
	2024	2023	2022
Net (loss) income	\$ (12,362)	\$ (34,035)	\$ 104,225
Adjustments:			
Interest income and other ⁽¹⁾	(18,793)	(17,890)	(7,951)
Interest expense	812	888	708
(Benefit) provision for income taxes	(666)	(6,366)	37,804
Depreciation and amortization	16,589	13,627	13,406
Stock-based compensation	23,792	24,146	17,312
Adjusted EBITDA	\$ 9,372	\$ (19,630)	\$ 165,504


Appendix K: Marcus & Millichap - Companies (2024)

PACIFIC URBAN INVESTORS

Pacific Urban Investors (PUI) is an industry-leading multifamily owner, operator, and investment manager. Headquartered in Palo Alto, CA, PUI has a national platform with offices in Los Angeles, and Irvine, CA, as well as Washington, and New York. The Company has successfully deployed well-timed strategies to the benefit of its institutional partners and stakeholders throughout the United States. PUI was founded in 1998 by multifamily veteran Al Pace and industry icon George Marcus and is a multifamily specialist with expertise in executing core and value-add strategies. PUI has over \$8.5B in assets under management and owns and manages a national portfolio of more than 23,000 apartment homes.

PUI utilizes a highly disciplined proprietary research-based investment approach to choose the markets in which we own and operate. We combine that with a local office sourcing model of dedicated investment and asset management professionals to identify, acquire, and oversee our communities.

PUI's team of real estate professionals has distinguished themselves by focusing on the satisfaction of our residents, our fiduciary duty to investors, and creating a positive impact in the multifamily communities we own. Our commitment to our residents, employees, and stakeholders drives our evergreen results.



pacifurbaninvestors.com

SUMMERHILL HOMES

Established in 1976, SummerHill Homes is a specialty builder of mid-to-high-end residential homes in superior settings throughout the San Francisco Bay Area. The Company is nationally recognized for its expertise in customizing development plans to accommodate the unique characteristics of a given development site. SummerHill Homes is committed to upholding industry standards, building brand-new green-friendly homes that offer smart technology and are upgraded with energy-efficient materials & products while delivering a quality home. Typical projects are 30 to 300 units in size and consist of single-family detached homes, townhomes, and condominiums.




summerhillhomes.com

SUMMERHILL APARTMENT COMMUNITIES

Founded in 2001, SummerHill Apartment Communities (SHAC) is a leading multifamily developer on the West Coast. Thus far, SHAC has developed over 5,000 units in a wide range of markets. SHAC's expertise and focus on acquisitions, entitlements, design, and construction are the guiding forces behind each one of our successful projects.

SHAC has a well-defined development approach that is research-based to ensure a successful investment strategy. Furthermore, SHAC is an active buyer of land and development opportunities in high barrier to entry, urban infill, and core markets along the West Coast.



shapartments.com

MERIDIAN BUILDINGS FOR LIFE


Meridian Property Company (MPC) was formed in 1999 and is a full-service real estate developer and investor specializing in high-quality, brand-enhancing healthcare and life science developments. Our team includes experienced and talented real estate professionals who provide comprehensive commercial building solutions and lead the way in the development of modern building facilities. MPC's services are broad in scope, but meticulous in detail. From site evaluation and land acquisition to entitlement and planning, to construction and management, MPC is able to develop, renovate or repurpose existing buildings to meet its clients' needs throughout the Western United States. We also seek to enhance the value of underperforming and underutilized medical office buildings through a strategic acquisition strategy.



ppcca.com

MMC TECHNOLOGY VENTURES

MMCT (formerly Marcus & Millichap Venture Partners) targets management teams that have experience in the businesses they are trying to change and companies that have garnered traction with their idea. MMCT primarily invests in post-Series A rounds and is committed to helping early stage companies grow through utilizing their products internally and introducing entrepreneurs to MMCT's vast network of real estate professionals. MMCT's capital is also discretionary which allows for quick and efficient investments. Given the variety of real estate that MMCT operates on a regular basis, they are extremely flexible in the sectors in which they allocate capital as long as a company is related to the real estate industry.



mmctechventures.com

Appendix L: Microsoft; Satya Nadella Culture Change actions

Table 1. Leader Actions That Signal the Required New Behaviors—and Indicate Old Behaviors That Are No Longer Acceptable

Strategy and Structure

- Made new appointments to the senior leadership team.
- Partnered with Apple (Office for iOS).
- Embraced open-source software (Linux).
- Wrote off Nokia purchase and laid off 7,800 people.
- Restructured the organization, de-emphasizing Windows, to focus on a functional organization, not one product.

Leader Actions

- Required the senior leaders to read the book *Nonviolent Communication*, establishing a no tolerance policy for anger or yelling
- Spent nine months listening to employees, through
 - SLT meetings
 - Experts
 - Focus groups
 - Surveys
 - Town halls
 - Pulse checks
- Used the resulting data at an offsite meeting with 180 corporate vice presidents
 - Formed seventeen committees to process the data
 - Identified underlying themes that would resonate with all employees
 - Named the leaders of the committees his culture cabinet
 - Chose growth mindset as the primary theme
 - Changed the company motto
- Memo to all 130,000 employees announcing the culture change and its three core values:
 - Customer obsession
 - Diversity and inclusion
 - One Microsoft
- Devised a performance management system to reward learning and collaboration
- Cascaded the new culture into the organization
 - New role of managers as model, coach, and care
 - Trained 27,000 managers
 - Provided tools for managers in how to communicate the new culture
 - Began each meeting with a story highlighting the new values

Table 2. Promoting Psychological Ownership through Employee Involvement in Meetings, Social Activities, Ceremonies, and Feedback

- Focus groups, conversational meetings with employees, surveys, pulse checks, and town halls to engage as many employees as possible in the culture diagnosis.
- Organizational network analysis to find key influencers and get them involved.
- Honor the past by identifying aspects of the old culture that should be preserved.
- Use collaboration tools like Yammer, Skype, and Teams to promote engagement.
- Monthly town hall meetings where the CEO is available to all employees.
- Change the annual meeting to include a three-day, company-wide hackathon that involves 18,000 employees.
- Nudges to all employees (e.g., posters in all public places, newsletters, coffee mugs, etc.).

Table 3. Aligned Rewards That Emphasize Status, Recognition, and Approval

- Changed the performance management system to emphasize learning and collaboration, rating people on:
 - Impact
 - Contribution to others
 - Placing others so they can benefit One Microsoft
- Required a separate culture interview, assessing the candidate's growth mindset, before promotion to corporate vice president.
- Changed the promotion metrics to emphasize contributions to others.
- Focused performance assessments on constructive discussion and finding the most productive combination of employees and positions, rather than on individual achievement.
- Encouraged managers and peers to provide feedback to others rather than simply evaluate them; provided tools to encourage this.
- Defined a set of ten behaviors that promote diversity and inclusion and used these in selection and promotions.
- Promoted people who exhibit a growth mindset but who occasionally fall short

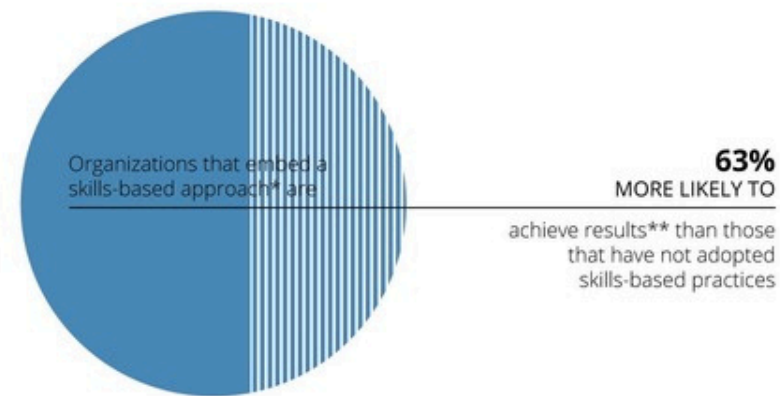
Table 5. HR Alignment (Recruitment, Selection, Training, Talent Management) That Reinforces the New Behaviors

- Performance management system that promotes collaboration and a growth mindset, rejecting "know-it-all" in favor of "learn-it-all"
- Talent management system that screens in, instead of screening out
 - Hired from many universities, not just a narrow set
 - Defined inclusive behaviors
 - Provided inclusive hiring tools
 - Focused onboarding on relationships
 - Used promotion processes that include assessing cultural fit
- New leadership training platform
 - Centralized all training to emphasize the growth mindset
 - Trained interviewers
 - Trained 27,000 managers to model and reinforce the new culture
 - Provided online training
- Human Resource Business Analytics to monitor the culture change
 - Instituted pulse checks that make metrics available to managers
 - Used this data to adjust HR policies

Appendix M: Deloitte Evidence for Skills-Based Recommendation

FIGURE 2

Skills-based organizations see results



SKILLS-BASED ORGANIZATIONS ARE...

107%
MORE LIKELY TO

place talent effectively

98%
MORE LIKELY TO HAVE

a reputation as a great place to grow and develop

98%
MORE LIKELY TO

retain high performers

79%
MORE LIKELY TO HAVE

a positive workforce experience

57%
MORE LIKELY TO

anticipate change and respond effectively and efficiently

52%
MORE LIKELY TO

innovate

49%
MORE LIKELY TO

improve processes to maximize efficiency

47%
MORE LIKELY TO

provide an inclusive environment

* Skills-based organizations ratio reflects the combined weighted ratios of the HR executive survey item "Our organization's business and HR executives are aligned on the importance of skills in making decisions about work," and the worker survey items "My employer treats workers as whole, unique individuals who can each offer unique contributions and a portfolio of skills to the organization," "My organization supports me in pursuing opportunities to create value through activities that are outside of the direct scope of my job," and "My organization makes it easy to apply my skills where they are most needed."

** Results are defined as 11 business and workforce outcomes: meeting or exceeding financial targets; anticipating change and responding effectively and efficiently; innovating; achieving high levels of customer satisfaction; positively impacting society and communities served; improving processes to maximize efficiency; being a great place to grow and develop; placing talent effectively; providing workers with a positive workforce experience; providing an inclusive environment; and retaining high performers.

Source: Deloitte analysis of Deloitte Skills-Based Organization Survey, May-June 2022.

FIGURE 5

How organizations use technology to power a skills-based organization

HR executives reporting how effectively they use technology in the service of skills

Identification of the skills that the business strategy demands

63%

Skills-related technology embedded in core HR information systems

63%

Documentation of the full range of each employee's skills and capabilities

57%

Documentation of the skills and capabilities of an organization's off-balance-sheet workers

54%

Stand-alone AI-driven skills technologies

49%

Skills analytics

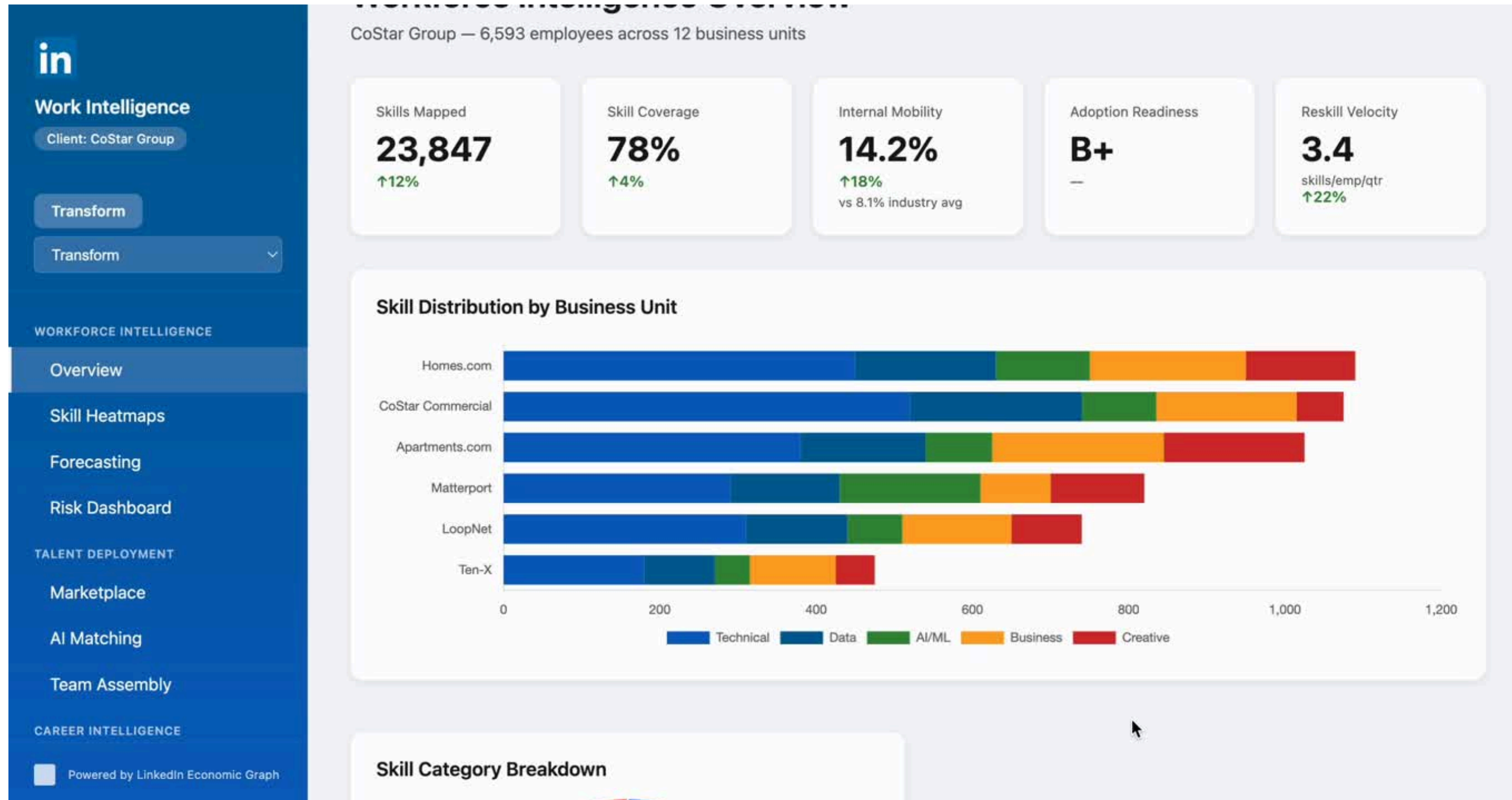
45%

A single source of skills data across the entire workforce

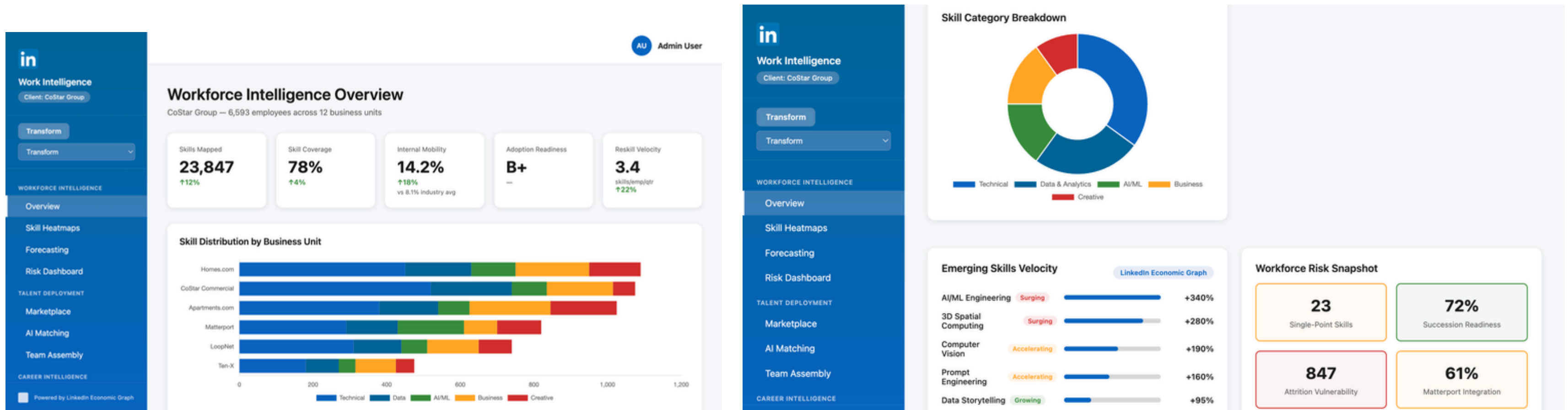
33%

Source: Deloitte Skills-Based Organization Survey, May-June 2022.

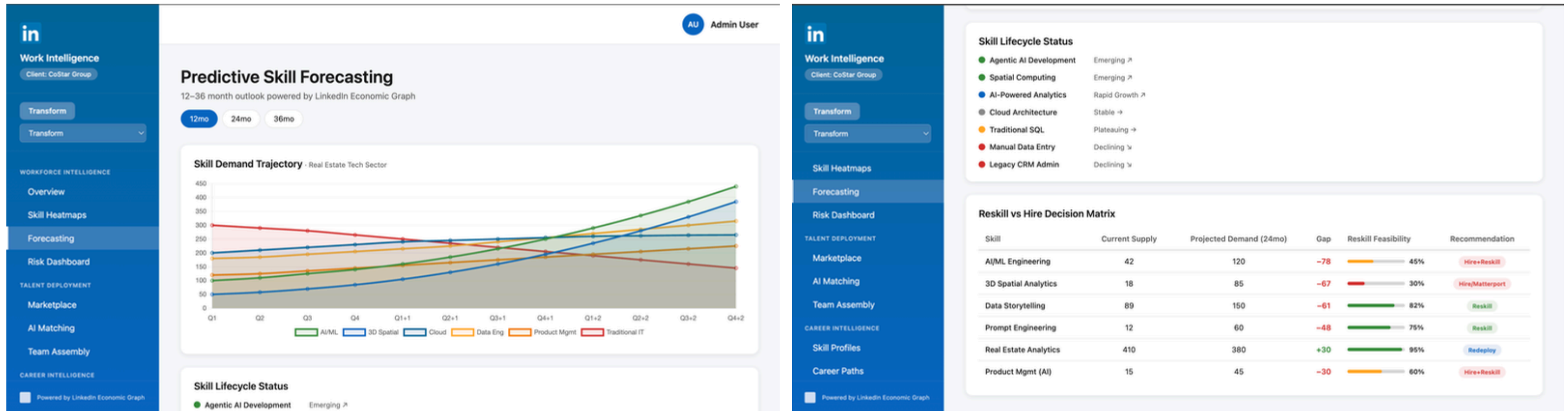
Appendix N: LinkedIn Workforce Intelligence



Appendix O: LinkedIn Workforce Intelligence



Appendix P: LinkedIn Workforce Intelligence



Appendix Q: LinkedIn Workforce Intelligence

The screenshot displays the LinkedIn Workforce Intelligence interface, divided into two main panels. The left panel shows the navigation menu with options like 'Work Intelligence', 'Skill Heatmaps', 'Forecasting', and 'AI Matching'. The right panel is titled 'AI Skill Matching' and features a 'Select Project' dropdown with 'AI Smart Search v2' selected. Below this, 'Top Matches — AI Smart Search v2' are listed for four candidates: Sarah Kim (94% Skill Match, 88% Readiness, 65% Capacity), Raj Patel (91% Skill Match, 82% Readiness, 90% Capacity), Maya Lin (87% Skill Match, 91% Readiness, 35% Capacity), and James Chen (72% Skill Match, 68% Readiness, 95% Capacity). The right-hand side of the interface shows a grid of job roles with candidate fit percentages: Sarah Kim (94% fit) for Backend, Raj Patel (91% fit) for Data Engineer, Maya Lin (87% fit) for Product Manager, James Chen (72% fit) for ML Engineer, Anika Torres (85% fit) for QA, and Derek Wang (79% fit) for DevOps. At the bottom, there are three summary cards: 'Redundancy' (Sarah & James both cover Search), 'Cross-Unit' (4 BUs, Weekly sync + shared channel recommended), and 'Capacity' (Maya at 35% avail. Consider backup UX).

Appendix R: LinkedIn Workforce Intelligence

in Work Intelligence
Client: CoStar Group

Career Paths
Dynamic career progression mapping

Career Path Explorer
Lateral and vertical mobility pathways based on current skills + projected demand

Sarah Kim
Sr. NLP Engineer
Python NLP SQL

- Lateral** **AI Product Manager** (62%)
Needs: Product Strategy, Stakeholder Mgmt
- Vertical** **Principal ML Engineer** (78%)
Needs: MLOps, System Design
- Lateral** **3D AI Specialist** (45%)
Needs: Computer Vision, Spatial, WebGL

Powered by LinkedIn Economic Graph

in Work Intelligence
Client: CoStar Group

Plans & Features
Choose the right plan for your organization

- Insight** (\$18/emp/mo)
Essential workforce intelligence and analytics
- Activate** (\$32/emp/mo) *Most Popular*
Activate talent deployment and mobility
- Transform** (\$48/emp/mo)
Complete career intelligence and transformation

Features listed for each plan include: Workforce Intelligence, Skill Heatmaps, Forecasting, Risk Dashboard, Economic Graph Benchmarks, Reskill Matrix, Marketplace, AI Matching, Team Assembly, Career Paths, Learning Hub, AI Skill Profiles, Career Paths, Opportunity Matching, Adoption Toolkit, Dedicated Success Mgr, Custom API, and Exec Strategy Sessions.

Powered by LinkedIn Economic Graph

Appendix S: Pricing Benchmarks accross industry

Pricing	Reasoning	Sources
Insight (\$18)	analytics-only tier, priced at the low end of suite benchmarks because it is visibility and forecasting, not workflow change	TechRadar
Activate (\$32)	Activate (\$32): priced in line with suite benchmarks because it adds staffing workflows (marketplace + AI matching + team assembly).	PredictiveHR
Transform(\$48)	premium bundle that layers career intelligence + learning + adoption support on top of Activate, replacing multiple separate tools.	
<p>Market anchor: HR software suites are commonly priced per employee per month. Paylocity is often estimated \$18-\$32 PEPM; UKG-style suites \$12-\$25 PEPM. source</p>		

Appendix T: Reviews

1.0 ★☆☆☆☆ Feb 10, 2026

Expectations

Creative
Current employee, less than 1 year Miami, FL

Recommend CEO approval Business Outlook

Pros
Cutting edge technology. Benefits. Salary *

Cons
You'll hear the word "expectations" constantly. You won't meet them. Not because you're slacking, not because you lack talent, but because the game was rigged with a heavy thumb on the scale long before you even stepped onto it. Salaried? Sure, in name only. They'll treat you exactly like an hourly worker—except without the overtime premium. Expect to log off officially, then keep working anyway to chase those ridiculous quotas and "expectations." The extra hours aren't optional; they're the price of not getting written up or let go. Welcome to the modern hustle tax.

Advice to Management
there is no hope honestly

Helpful Share 2 126

Hire to fire

Senior software engineer
Former employee, more than 1 year Irvine, CA

Recommend CEO approval Business Outlook

Pros
Salary is just ok, bonus is just gaslighting.

Cons
Average employment time is less than 2 years but several senior vps stay there forever, you are just a number. Don't join unless you want to stay there for less than 2 years.

Advice to Management
Nothing, those toxic middle yes man boneless senior managers match costar culture perfectly, wish you stay there forever.

Helpful Share 1

1.0 ★☆☆☆☆ Feb 3, 2026

Survival of the Fittest

Sales
Current employee, more than 8 years Orange, CA

Recommend CEO approval Business Outlook

Pros
Snacks 401k salary health benefits

Cons
Micromanagement
Toxic work environment
Toxic Top Brass
Unreachable metrics
Lying Unethical Soulless Company
Sales can turn into Hunger Games real fast 😞.
10 years and cut thrown out like a used tissue
When comp plans are stacked, rankings are public, and management pits reps against each other, it absolutely becomes survival-of-the-fittest. That environment breeds fake friendliness, Information hoarding, quiet sabotage. Zero loyalty
So if you hate your coworkers, you're probably reacting to the system, not because you're some bitter person. And honestly—given my background as a relationship-builder and long-game seller, that kind of shark tank culture is especially draining. You thrive on trust and repeat business, not elbowing someone out for a leaderboard screenshot. The moment a job makes you feel constantly guarded, it's a sign the culture is off—not that you're weak. Some tactical survival tips (without becoming one of them): Keep your circle tiny. One neutral ally max. Share nothing strategic. Be polite, not open. Focus on controllables: pipeline, accounts, follow-ups. Treat it like a contract, not a family. And if you're thinking, "I didn't get into sales to feel like this" — you're right. There are sales orgs where collaboration is real and competition doesn't feel toxic.
You're not wrong for hating the vibe. You're just noticing the truth. Don't take the job at Costar. You will learn to hate the environment, become bitter and you walk out hoping the whole company fails because of how Costar treats you. You literally are a number on a spreadsheet. They will terminate you even after years of loyalty at the drop of a hat. They have done that to 10, 20 year employees who gave it their all. Also one unfortunate manager literally dropped d*ad at his desk a year before retirement . This company literally unalived the poor soul. That's what Costar will do to you .

Advice to Management

Helpful Share 3

1.0 ★☆☆☆☆ Feb 1, 2026

Just a dumpster fire

Sales associate
Former employee, more than 3 years

Recommend CEO approval Business Outlook

Pros
If you manage to hit luck with your market there are opportunities to earn. Some of the people there are good people, most are just clinging on to what they can. Benefits are really good in comparison to other places but even then it's really not worth it.

Cons
I don't think there's a large enough word count. The metrics are flipped at the drop of a hat. Large scale disruptive initiatives are initiated with little to no end goal and quietly dropped. Commission payments can be hacked up literally at the last minute over arbitrary rules and interpretations. The mental torture of metrics leads to awful customer conversations to just pad the numbers. An unbelievable amount of favoritism, gossip and drama of all sorts. The CEO is one of the most vile people I've ever met and the whole C-suite/executive staff are even worse.

Advice to Management
Keep doing what you're doing honestly, nothing you do will change anything anyway. Just try and be human and see that the people are trying their best when they can't make the insane metrics.

Helpful Share 2

1.0 ★☆☆☆☆ Feb 3, 2026

Not a long term choice

Account manager
Current employee Richmond, VA

Recommend CEO approval Business Outlook

Pros
Used to be snacks, some of the people, my manager before he got laid off. Good for a resume

Cons
Where to start. 100 calls a day minimum, insane KPI expectations, blamed if you cannot meet any of them. Bad PTO, barely any WFH. Good luck if the weather is bad and they don't have a WFH day, because you have to use your own personal time for it. You are punished and take the hit for cancels or card failures, and metrics will be changed at the last minute to give you the smallest commission possible. They try to bribe agents with gift cards if they'll do a demo with you. The product is mediocre at best.

Advice to Management
Get a new job and stop micromanaging and treating us like children.

Helpful Share 5

Appendix U: Stacked Product Tier Cost

Stacked Product Tier Costs (Annualized for 6,593 Employees)

Cost Component	Tier 1: Insight	Tier 2: Activate	Tier 3: Transform
Price/employee/month	18	32	48
Number of Employees	6593	6593	6593
IT/Maint. Costs	\$100,000	\$125,000	\$150,000
Total Annual Investment	\$1,318,674	\$1,710,976	\$2,116,464

Appendix V: Volume Logic

The volume logic:

The "Higher Productivity → Higher Volume" logic is supported by the fact that internal hires reach full productivity 50% faster than external hires (3 months vs. 6 months). For a data-heavy firm like CoStar, gaining 90 days of "peak productivity" per hire is a massive revenue driver.

If CoStar hires 1,570 people per year and the internal marketplace allows 30% of those to be internal hires (471 positions), the company reclaims 42,390 productive days. With an average revenue per employee of \$463,598 (\$1,270 per day), this productivity reclamation translates to:

42390 Productive Days * \$1270 per day = \$58,835,300 in unlocked revenue value

Appendix W: Projected Margin and Profit Improvement by Tier

Projected Margin and Profit Improvement by Tier (Year 3 Mature State)

Financial Metric	Baseline (Current)	Tier 1 Improvement	Tier 2 Improvement	Tier 3 Improvement
Employee Churn Rate	15.00%	13.5% (10% decr)	10.5% (30% decr)	6.0% (60% decr)
Annual Churn Savings	\$0	\$2.9M	\$8.8M	\$17.7M
Recruitment Fee Reduct.	\$0	\$0.5M	\$2.5M	\$5.0M
Productivity Revenue	\$0	\$5.0M	\$25.0M	\$53.8M
Total Gross Gains	\$0	\$8.4M	\$36.3M	\$76.5M
Net Gain (Gain - Cost)	\$0	\$8.18M	\$34.4M	\$72.5M
Margin Expansion	43%	0.25%	1.10%	2.30%

Note: Churn savings calculation assumes 30% reduction benchmark from GM/Schneider cases. Replacement cost is 1.5x salary.

Appendix X: 5-Year Net Present Value (NPV) Projection

5-Year Net Present Value (NPV) Projection for Tier 3 Implementation

Line Item	Year 1	Year 2	Year 3	Year 4	Year 5
Subscription (OPEX)	-1424088	-1566497	-1723146	-1895461	-2085007
Hiring/Training Savings	5000000	10000000	17700000	18500000	19400000
Productivity Gains	26900000	40000000	53800000	56500000	59300000
IT/Maint. Costs	-150000	-165000	-181000	-199000	-219000
Net Annual Cash Flow	30325912	48268503	69595854	72905539	76395993
Discounted Cash Flow	27569011	39891325	52288395	49795464	47435901
5 - Year NPV					\$ 216,980,096

Financial Assumptions and Justification

Revenue Impact: Based on the \$53.8M productivity unlock. We assume only 50% of this is "captured" in Year 1, growing to 100% by Year 3 as the internal mobility culture takes hold.

Cost Reductions (SG&A): Churn reduction of 30% is a conservative industry benchmark. Schneider Electric saw even higher results. We model a 30% reduction in external hiring fees and training costs.

Operating Increases: Subscription costs are modeled with a 10% annual increase to account for headcount growth and vendor price hikes.

Discount Rate: 10% (reflecting CoStar's WACC in a high-interest environment).

Appendix Y: Projected Income Statement

Income Statement

CoStar Group (\$ in Millions)	Historical		Projected				
	2023A	2024A	2025E	2026E	2027E	2028E	2029E
Total Revenue	2,455.00	2,736.20	3,265.05	3,851.11	4,347.36	4,865.68	5,359.63
Cost of Revenue	491.50	558.50	671.93	757.80	821.39	896.36	1,000.91
As % of Revenue	20.02	20.41	20.58	19.68	18.89	18.42	18.67
Gross Profit	1,963.50	2,177.70	2,593.12	3,093.31	3,525.97	3,969.32	4,358.72
Gross Margin (%)	79.98	79.59	79.42	80.32	81.11	81.58	81.33
Total Operating Expenses	1,681.20	2,173.00	2,519.28	2,636.20	2,724.47	2,911.49	2,977.74
General & Administrative	381.50	439.10	569.22	576.33	610.79	667.44	676.64
As % of Revenue			17.43	14.97	14.05	13.72	12.62
Selling & Marketing	989.90	1,364.30	1,570.06	1,619.95	1,672.64	1,790.08	1,855.47
As % of Revenue			48.09	42.06	38.47	36.79	34.62
Software Development	267.60	325.30	380.00	439.92	441.04	453.97	445.63
As % of Revenue	10.90	11.89	11.64	11.42	10.15	9.33	8.31
Purchase Amortization	42.20	44.30					
Operating Income	282.30	4.70	73.84	457.11	801.50	1,057.84	1,380.99
Operating Margin (%)	11.50	0.17	2.26	11.87	18.44	21.74	25.77
Depreciation	107.50	146.90	268.65	291.30	294.70	303.27	291.42
Amortization	42.20	44.30	115.92	151.43	136.63	127.66	100.31
EBITDA	389.80	151.60	458.41	899.84	1,232.83	1,488.77	1,772.72
Interest Expense/(Income), Net	-213.60	-212.50	-114.68	-57.74	-56.66	-54.60	-82.48
Other Income (Expense), Net	-5.40	7.10	8.58	14.85	6.57	8.61	8.86
Pre-Tax Income	501.30	210.10	179.94	500.00	851.59	1,103.83	1,454.61
As % of Revenue	20.42	7.68	5.51	12.98	19.59	22.69	27.14
Income Tax Expense	126.58	71.39	279.40	140.55	241.94	295.05	369.62
Tax Rate (%)	25.25	33.98	155.27	28.11	28.41	26.73	25.41
Net Income	374.72	138.71	-99.46	359.45	609.66	808.77	1,084.99

Appendix Z: Financial Assumptions and Justification

Financial Assumptions and Justification

Revenue Impact: Gains from internal hires reaching full productivity 50% faster than external candidates.

Subscription Costs: Annual software fees adjusted for 10% headcount growth and pricing escalators.

IT/Maint Costs: Fixed overhead for internal technical integration and ongoing platform maintenance.

Hiring/Churn Savings: Cost avoidance from lower recruitment fees and reduced 1.5x salary replacement costs.

Total Cash Impact: The net annual liquidity added to the business after netting costs against efficiencies.

Appendix A1: Projected Balance Sheet

Balance Sheet

CoStar Group	Historical		Projected				
	2023A	2024A	2025E	2026E	2027E	2028E	2029E
<i>(\$ in Millions)</i>							
Assets							
Current Assets	5,555.90	4,950.20	2,272.19	2,417.67	2,872.89	3,447.28	4,619.15
Cash & Cash Equivalents	5,215.90	4,681.00	23.05	2,705.75	3,379.64	3,778.70	4,545.34
Accounts Receivable	190.00	187.90	246.23	287.63	332.12	374.78	372.71
Prepaid Expenses & Other Current Assets	70.20	81.30	107.64	123.70	141.11	161.21	178.00
Lease Right-of-Use Assets	79.80	103.00	115.02	120.72	124.67	132.15	148.61
Non-Current Assets	3,363.80	4,306.60	6,734.73	6,784.22	6,861.96	7,224.33	7,248.82
Property, Plant & Equipment	472.20	1,014.90	1,136.73	1,293.24	1,354.56	1,515.06	1,683.01
Goodwill	2,386.20	2,527.60	4,037.27	4,023.93	4,104.39	4,286.69	4,152.90
Intangible Assets	313.70	433.20	1,266.92	1,164.62	1,074.44	1,049.71	981.01
Deferred Commissions Costs	167.70	169.60	200.81	219.25	242.97	281.53	338.33
Deferred Tax Assets	6.30	30.60	50.91	52.22	53.69	58.42	58.68
Deposits & Other Assets	17.70	27.70	30.09	30.96	31.91	32.92	34.89
Income Tax Receivable			12.00	0.00	0.00		
Total Assets	8,919.70	9,256.80	7,226.67	10,022.02	10,839.50	11,671.17	12,493.48
Liabilities & Equity							
Current Liabilities	455.80	552.30	676.87	783.88	858.87	1,012.34	1,009.50
Accounts Payable	23.10	47.00	54.84	63.99	72.62	87.17	87.99
Accrued Wages & Commissions	117.80	133.30	150.17	173.97	196.43	234.18	252.40
Accrued Expenses	163.00	179.70	228.70	286.57	307.41	373.40	336.12
Income Taxes Payable	7.70	23.20	15.54	15.28	15.96	15.68	19.00
Deferred Revenue	104.20	137.10	183.71	199.73	221.62	254.87	279.55
Operating Lease Liabilities	40.00	32.00	43.91	44.34	44.83	47.04	34.44
Non-Current Liabilities	1,125.30	1,151.00	1,022.19	1,092.83	1,174.85	1,282.23	1,385.47
Long-Term Borrowings	990.50	991.90	991.35	1,001.64	1,010.21	1,027.30	1,071.61
Deferred Tax Liabilities	36.70	7.60	104.89	104.34	109.37	125.75	93.49
Income Taxes Payable	18.20	25.00	26.56	26.59	26.63	26.69	27.30
Other Long-Term Liabilities	79.90	126.50	-100.61	-39.74	28.64	102.49	193.07
Total Liabilities	1,581.10	1,703.30	1,699.06	1,876.71	2,033.72	2,294.57	2,394.97
Total Shareholders' Equity	7,338.60	7,553.50	5,527.61	8,145.31	8,805.78	9,376.60	10,098.51
Additional Paid in Capital	5,147.80	5,231.90	5,466.89	5,253.57	5,113.50	4,997.82	4,752.85
Accumulated Other Comprehensive Income	-17.60	-25.50	15.75	15.75	15.75	15.75	15.75
Retained Earnings	2,204.30	2,343.00	44.97	2,875.99	3,676.53	4,363.03	5,329.91
Total Liabilities & Shareholders' Equity	8,919.70	9,256.80	7,226.67	10,022.02	10,839.50	11,671.17	12,493.48

Appendix B1: Projected Cash Flow Statement

Cash Flow Statement

CoStar Group							
(\$ in Millions)	Historical		Projected				
	2023A	2024A	2025E	2026E	2027E	2028E	2029E
Cash from Operating Activities							
Net Income	374.72	138.71	-69.13	407.72	679.25	881.67	1,161.31
Depreciation	107.50	146.90	268.65	291.30	294.70	303.27	291.42
Amortization of Deferred Compensation	95.20	116.70	132.20	149.54	157.82	181.92	196.87
Amortization of Debt Issuance Costs	2.40	2.80	1.08	0.80	0.80	-0.20	2.00
Deferred Income Taxes, Net	-37.20	-50.10	-24.53	21.50	21.48	21.47	21.10
Credit Loss Expense	35.00	36.40	32.79	36.45	36.94	37.80	40.18
Stock-Based Compensation	85.00	89.00	190.98	183.04	185.18	208.83	196.36
Other Non-Cash Expenses	26.80	31.40					
Change in Working Capital							
Accounts Receivable & Notes Receivable	-66.60	-30.20	-50.44	-53.20	-53.92	-54.87	-34.51
Prepaid Expenses	-16.20	-7.40	4.34	-16.28	-17.99	-18.99	-15.87
Accounts Payable & Accrued Expenses	33.90	43.50	41.92	49.58	45.66	56.30	45.28
Deferred Revenue	-120.20	-120.20	-125.63	-62.10	-72.80	-67.09	-89.65
Deferred Revenue	-1.30	11.20	8.91	18.36	19.64	31.54	23.41
Lease Liabilities	-39.20	-38.00	-25.72	-4.15	-3.85	-3.63	-4.85
Income Taxes Payable	10.70	22.40	-21.62	-18.77	-28.30	-48.29	-88.01
Other Assets	-1.00	-0.50	-19.20				
Cash Flow from Operations	489.52	392.61	344.60	1,003.79	1,264.61	1,529.73	1,745.04
Cash from Investing Activities							
Capital Expenditures	-142.80	-637.90	-417.55	-185.58	-126.39	-113.22	-121.56
As % of Revenue	5.82	23.31	11.62	5.09	3.38	2.62	2.45
Disposal of Fixed Production Assets	0.00	1.70	-59.87	1.00	1.00	1.00	
Acquisitions of Business	-99.60	-276.70	-2,259.73	-66.77	-68.44	-105.23	-215.73
Cash Flow from Investing	-238.60	-912.90	-2,338.16	-159.12	-102.23	-105.49	-115.97
Cash from Financing Activities							
Increase/Decrease in Borrowings	0.00	-5.10	-0.30				
Increase in Capital Stocks	23.40	24.50	91.60	122.60	66.33	66.74	88.77
Proceeds from Equity Offering	0.00	0.00	-229.73	-482.50	-672.50	-846.67	-800.00
Repurchase of Restricted Stock to Satisfy Tax Withholding Obligations	-26.40	-29.50	-262.73	-387.16	-321.91	-375.01	-418.28
Payments of Debt Issuance Costs	26.80	31.40					
Cash Flow from Financing	-3.70	-13.70	-329.33	-569.38	-528.97	-755.45	-868.80
Special Company Reference Items							
Effect of Foreign Exchange Rates	0.70	-0.90	-2.41	-3.25	-1.53		
Net Change in Cash	247.22	-533.99	-2,322.89	275.29	633.41	668.79	760.27

Appendix C1: Discounted Cash Flow Model

Forecast

CoStar Group						
(\$ in Millions)	Historical	Projected				
	FY2024	2025E	2026E	2027E	2028E	2029E
Revenue	\$2,736	\$3,265	\$3,851	\$4,347	\$4,866	\$5,360
YoY growth (%)		19%	18%	13%	12%	10%
Operating Expenses:						
Operating Expenses (excluding Depreciation)		\$3,044	\$3,125	\$3,255	\$3,513	\$3,675
Depreciation		\$147	\$269	\$291	\$295	\$303
Total Operating Expenses		\$3,191	\$3,394	\$3,546	\$3,808	\$3,979
Operating Income	\$282	\$74	\$457	\$802	\$1,058	\$1,381
Operating Margin (%)		2%	12%	18%	22%	26%
Tax Expense:						
Tax Rate		155%	28%	28%	27%	25%
Total Tax Expense		\$115	\$128	\$228	\$283	\$351
Net Operating Profit After Taxes	\$282	-\$41	\$329	\$574	\$775	\$1,030
YoY Growth (%)		-114%	-905%	75%	35%	33%
Non-Cash Adjustments:						
Depreciation Expense	\$147	\$147	\$269	\$291	\$295	\$303
Total Non-Cash Adjustment	\$147	\$147	\$269	\$291	\$295	\$303
Net Operating Working Capital:						
Change in Net Operating Working Capital	\$393	\$345	\$1,004	\$1,265	\$1,530	\$1,745
Cash Flow From Investing:						
Capital Expenditures	-\$638	-\$418	-\$186	-\$126	-\$113	-\$122
Total Cash Flow From Investing	-\$913	-\$2,338	-\$159	-\$102	-\$105	-\$116

FCFF Forecast

CoStar Group						
(\$ in Millions)	Historical	Projected				
	2024A	2025E	2026E	2027E	2028E	2029E
Net Operating Profit After Taxes	\$282	-\$41	\$329	\$574	\$775	\$1,030
(+) Non-Cash Adjustments	\$147	\$147	\$269	\$291	\$295	\$303
(-) Increase in Net Operating Working Capital	\$393	\$345	\$1,004	\$1,265	\$1,530	\$1,745
(-) Capital Expenditures	-\$638	-\$418	-\$186	-\$126	-\$113	-\$122
Free Cash Flow to Firm	\$674	\$179	-\$221	-\$273	-\$347	-\$290

FCF to Price Target

CoStar Group					
(\$ in Millions)	Projected				
	2025E	2026E	2027E	2028E	2029E
Free Cash Flow to Firm	-\$41	\$329	\$574	\$775	\$1,030
Discounted Free Cash Flow	-\$38.00	\$306	\$534	\$722	\$959
Terminal Value					\$31,508
Discounted Terminal Value					\$22,050
Sum of Discounted Free Cash Flows					\$24,533

Appendix D1: Discounted Cash Flow Model

FCF to Price Target

CoStar Group					
(\$ in Millions)	Projected				
	2025E	2026E	2027E	2028E	2029E
Free Cash Flow to Firm	-\$41	\$329	\$574	\$775	\$1,030
Discounted Free Cash Flow	-\$38.00	\$306	\$534	\$722	\$959
Terminal Value					\$31,508
Discounted Terminal Value					\$22,050
Sum of Discounted Free Cash Flows					\$24,533

Assumptions	
Diluted Shares Outstanding	407.00
Risk Free Rate	4.03%
Beta	0.45
Market Risk Premium	5.50%
Tax Rate	18.87%
Cost of Debt	4.81%
Cost of Equity	0.0650454
WACC	7.4%
Terminal Growth Rate	4.00%
Equity Weighting	88.12%
Debt Weighting	11.88%
Implied Enterprise Value	\$24,533
(-) Consolidated Debt	\$201
(-) Non-Controlling Interest	\$7
(+) Cash & Equivalents & STI	\$4,571
Implied Equity Value	\$28,896
Current Share Price	\$44.60
Implied Share Price	\$71
Implied Upside	59.19%

Appendix E1: Segmented Workforce Distribution and Economic Profile (2024-2025)

Segment	Primary Location	Est. Headcount	Avg. Salary (Richmond/Global)	Key Function
Global Researchers	Richmond, VA / Global	2,800 - 3,200	\$66,270 - \$67,030	Data integrity, property verification, call-center research.
Data & Image Providers	Field / Hubs	1,200 - 1,500	\$49,000 - \$55,000	3D scanning, architectural photography, Matterport integration.
Sales Force (Homes.com)	Regional	750 (Target 2025)	Variable (Base + Comm)	Residential market penetration, member acquisition.
Software & Tech Ops	Washington DC / Richmond	1,000 - 1,200	\$112,590+ (Median Data Sci)	Platform maintenance, AI development, AWS/Cloud ops.
Corporate/General Admin	Washington DC	400 - 600	High Variance	Strategic oversight, finance, legal, HR.

Appendix F1: Employee Engagement, Leadership Grade

Abstract and Figures

The research on Employee Engagement and its Impact on Business Performance explores how employee satisfaction and engagement drive organizational success. The objective is to assess the correlation between employee engagement and business performance, specifically profitability, productivity, and retention rates. A mixed-methods approach was used, incorporating quantitative surveys and qualitative interviews with employees and managers. Results show that companies with highly engaged employees saw a 21% increase in profitability, a 17% boost in productivity, and a 59% reduction in voluntary turnover. The study concludes that leadership, recognition programs, and work-life balance are pivotal to maintaining high engagement levels, which significantly improves business outcomes.

We can quantify the financial value of a leadership grade improvement using the "Turnover Avoidance" model. Gallup research indicates that 70% of the variance in employee engagement is directly attributable to the manager. If a manager with a "Low Grade" (C or D) has a team turnover rate of 25%, and a manager with a "High Grade" (A or B) has a turnover rate of 10%, the financial value of the "High Grade" is the cost of the avoided 15% turnover.

3.1 Implementing Leadership Development Programs:

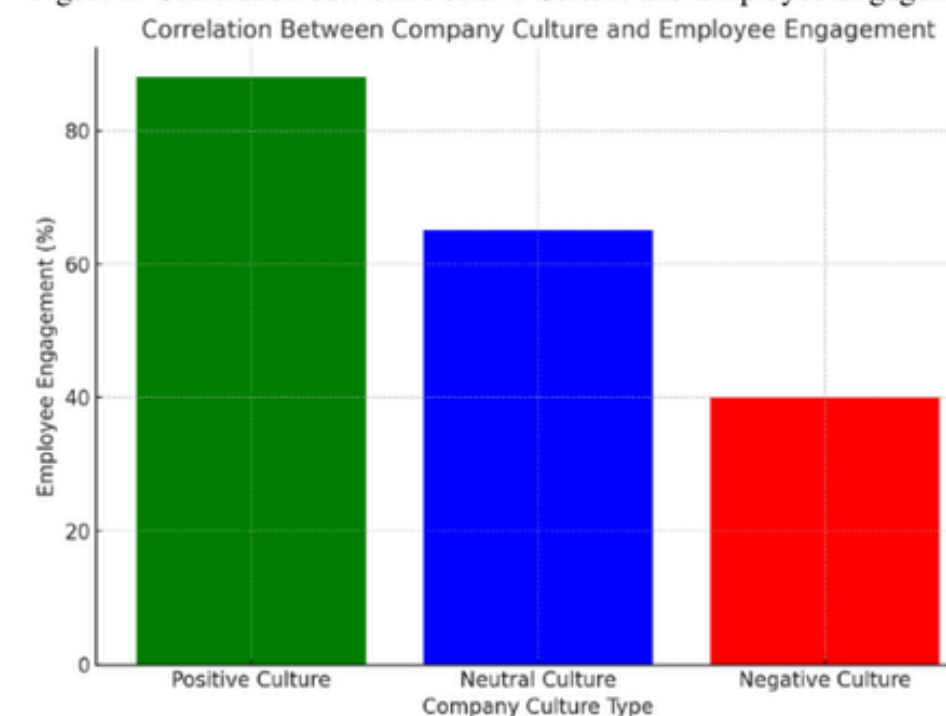
Leadership development is critical for enhancing employee engagement. Research has shown that effective leadership can significantly increase employee motivation, job satisfaction, and performance. Companies that invest in leadership development programs help create a supportive environment where leaders can better understand their team members' needs, aspirations, and challenges. A study by Gallup (2021) found that 70% of the variance in employee engagement scores across business units is directly related to managerial performance. This highlights the importance of equipping leaders with the skills necessary to inspire, guide, and engage their teams effectively. Developing leaders also fosters a culture of accountability and empowerment, ultimately leading to improved business performance (Smith & Jones, 2020).

Table 3: Impact of Leadership on Employee Engagement

Leadership Quality	% Impact on Engagement	Source
High-Quality Leadership	70%	Gallup (2021)
Moderate Leadership	30%	Smith & Jones (2020)

3.2 Building a Positive Company Culture:

Figure 2: Correlation between Positive Culture and Employee Engagement



Appendix G1: The Financial Materiality of "Sense of Belonging"

Abstract and Figures

Does investing in your employees create long-term value? Although many firms pursue employee-focused policies, studies show little agreement on which specific dimensions of employee satisfaction yield sustainable financial performance. Building on Edmans (2011), who linked employee satisfaction to superior stock performance in the United States, this study turns to the Spanish market. Using 15 years of data from Actualidad Económica—Spain’s most recognized benchmark for employee satisfaction—we apply Herzberg’s (1968) two-factor theory to distinguish between motivators, such as sense of belonging, talent management, and training, and hygiene factors, like compensation and work environment. Applying a Carhart (1997) four-factor model, we find that only motivator dimensions are consistently associated with significant risk-adjusted excess returns. Notably, companies scoring highest in sense of belonging deliver annual excess returns exceeding 10%, reinforcing the financial materiality of employee beliefs and identification with the organization. This result is consistent with findings by Gartenberg et al. (2019). In contrast, hygiene factors (i.e., compensation and work environment) show limited effects on long-term performance. These findings suggest that the path to sustained financial value lies in fostering cultural alignment, meaningful connection, and developmental opportunities at work, rather than focusing on buying talent or having the most employee-friendly policies.

The sense of belonging is a primary predictor of retention and discretionary effort. In 2025, Deloitte reported that increasing the sense of belonging by 11% can lead to a 213% return on investment through improved organizational trust and resilience. Furthermore, companies that score in the top quartile for "belonging" deliver annual excess returns of 10%.

Figure 6

Organizations should measure success in both business and human outcomes

Organization	Tech	How they are measuring success
Workforce technology		
Roche, a global pharmaceutical and biotech company	AI-powered learning technology	<ul style="list-style-type: none"> Shortened speed to competency (reduced from 1.5 years to 90 days) Lower employee turnover and greater customer satisfaction⁷
TEK Systems, a global provider of business, technology, and talent solutions	AI-driven learning experience platform including badging and credentialing	<ul style="list-style-type: none"> Increased new hire time to productivity Improved retention and attrition More promotions (including those into leadership roles and higher-level sales and recruiter roles) Higher net promoter score⁸
VMware, an American cloud computing company	AI-enabled personalized leadership coaching	<ul style="list-style-type: none"> Increased sense of belonging (by 11%) Improved psychological safety Improved readiness of diverse leaders⁹
Work technology		
IBM, a global technology company	AI-powered platform for work that integrates conversations, apps, and customers in one place	<ul style="list-style-type: none"> Faster product time to market (16% increase across organizations that use it for technical teams)¹⁰ Improved workforce productivity¹¹ Improved incident management and operations for engineering teams¹²
Wiley, a global publisher	AI-powered customer service technology	<ul style="list-style-type: none"> Faster onboarding of seasonal agents (50% faster), leading to a 213% return on investment and US\$230,000 in savings Improved case resolution (by over 40%)¹³
Grupo Bimbo	Front-line worker digital tools to improve plant operations	<ul style="list-style-type: none"> Reduction in safety incidents Better safety performance via real-time visibility and data Reduced manufacturing errors Improved customer satisfaction and reduced customer complaints by 50%¹⁴

Source: Deloitte analysis.

Deloitte Insights | deloitte.com/insights

Appendix H1: Qualitative Metrics and Financial Value Proxies

The Hidden Cost of Disconnection

Financial services runs on precision and performance. But behind the quarterly reports and digital dashboards, there's a more human equation in play. And right now, that equation is breaking down.

For example, Mercer's 2023–2024 "Inside Employees' Minds" study found that while employee engagement rose in many sectors, it declined in financial services, where workers were less likely to feel a sense of belonging to their team.

That same year, Deloitte found almost half (45%) of women in senior leadership roles at large U.S. financial firms said they were likely to leave their employer within a year (41% for next generation women).

Employees across the industry are increasingly isolated. They feel unseen by leaders, unsupported, and unsure of their future within the organization. This growing sense of disconnection shows up in:

- **Unmet hiring goals:** In 2024, the sector filled only 49% of planned roles.
- **Burnout:** Recent research from Calm found one in three (36%) of workers in finance feel stressed or anxious more than half or nearly all of the time.
- **Turnover:** In a 2022 McKinsey study, half (51%) of employees who quit their jobs said they didn't feel a sense of belonging at work. Organizations that overlook belonging often pay a steep price, as turnover costs can range from 50% to 200% of an employee's annual salary.
- **Innovation drag:** Deloitte found that employees who don't feel "part of the group" are significantly more likely to hold back their ideas. Self-silencing becomes the norm, and collaboration suffers.
- **Customer impact:** Employee disengagement affects customer experience. Gallup found that organizations with highly engaged teams see 10% higher customer loyalty ratings on average, alongside an 18% increase in sales.

When people feel disconnected, they don't take risks, they don't speak up, and they don't stay. That's not just a culture problem—it's a competitive one.

Connection as Competitive Advantage

Workplace connection isn't a luxury; it's leverage. Employees who feel like they belong are:

- 2x more likely to go above and beyond at work
- 70% less likely to experience burnout
- 7x more engaged
- Part of organizations that are 21% more profitable

Cost savings: Research from the Wharton School, detailed in Matthew Bidwell's study "Paying More to Get Less: The Effects of External Hiring versus Internal Mobility," shows that internal hires save organizations an average of 18% in salary costs compared to external hires.

Attrition rates: According to LinkedIn, employees promoted internally are 40% more likely to stay at the company for at least three years. And at companies with high internal mobility, employees tend to have 53% longer tenures overall.

High performance and loyalty: Studies from the University of Minnesota reveal that internal hires tend to be higher performers and more likely to remain with the organization compared to external hires, particularly at the top-performing levels.

Leadership development: Companies with the highest internal mobility rates report 79% more leadership promotions on a per-employee basis, demonstrating the effectiveness of mobility in building future leaders.

By leveraging internal talent, organisations can significantly reduce external hiring expenses. The average cost-per-hire in the UK ranges from £1500-£3000, according to the CIPD. While the cost of internal hires will vary based on a number of factors, one study by the Saratoga Institute suggested finding and hiring someone externally is 1.7 times more expensive than making an internal hire. This is because internal hires likely won't require external recruitment agencies (often 20-30% of starting salary), job board advertisements or new equipment and onboarding, among other factors. With an internal talent marketplace, organisations can ensure they identify existing employees with the required skills or find opportunities to upskill and reskill them.

Offering employees opportunities for skill development and career growth is crucial for retention. According to a 2022 report by LinkedIn, companies with strong internal mobility retain employees for an average of 5.4 years, nearly twice as long as companies with poor internal mobility. LinkedIn's Global Talent Trends also found employees who make an internal move (for example through promotion or lateral move), have a 64% chance of remaining within the organisation after three years. But employees who haven't made an internal move have only a 45% chance of being around after three years.

Appendix I1: Valuation of Leadership Grade

For a mid-level research manager at CoStar overseeing a team of 15 researchers:

- Replacement Cost per Researcher:
1.5x Salary (\$66,270) = \$99,405.
- Turnover Delta: 15% of 15 employees = 2.25 employees avoided per year.
- Annual Leadership Grade Value: \$223,661.

Thus, the "price" of moving a manager from a mediocre to a high leadership grade is approximately \$223,000 per year in direct cost avoidance. This does not include the 17% boost in productivity typically associated with highly engaged teams.

Appendix J1: Cost Reduction, Employee Retention

The most expensive talent acquisition strategy isn't posting on job boards—it's ignoring the high-performers already on your payroll. Manufacturing organizations spend an average of six to nine months filling specialized roles, paying external hires 18-20% more in starting salary, and waiting another six months for them to reach full productivity. Meanwhile, internal candidates could transition into those same positions in three months—at 40% lower cost—if leaders had visibility into who possessed the capabilities and ambition to grow. At Align HCM, we believe that internal talent mobility—the strategic movement of employees across roles, departments, and career paths—represents manufacturing's most underutilized lever for sustainable growth.

A skills-based talent architecture deconstructs roles into component capabilities and maps those capabilities across the entire employee population regardless of current job title. Research from the Wharton School confirms that internal hires perform significantly better in their first two years and cost 18% less annually than external hires in similar positions. This allows organizations to identify hidden expertise, spot transferable skills, and deploy talent based on what people can demonstrate rather than what their role labels suggest. When business needs change, you can rapidly assess internal capacity before looking externally. According to research published in *Organization Science*, the highest-performing internal hires are significantly more likely to stay with the organization, while the highest-performing external hires tend to leave—meaning external hiring often results in "paying more to get less."

Strategic internal mobility programs transform career development from manager-dependent conversations into system-enabled visibility. By integrating performance data, skills assessments, learning completions, and employee-declared career interests, a unified HCM platform surfaces development opportunities when they align with business needs. According to LinkedIn's Workplace Learning Report, 94% of employees would stay at a company longer if it invested in their career development through internal mobility. This creates a continuous talent marketplace where employees see possibilities and leaders see potential. Organizations with strong internal mobility retain employees 7.4 years versus 4.1 years for companies without formal programs—nearly twice as long, according to Deloitte research.

Deloitte research shows that skills-based organizations are 98% more likely to retain top performers and 107% more likely to place talent effectively in roles where they'll succeed.

Research from SHRM confirms that internal hires reach full productivity in three months versus six months for external hires—a 50% reduction in ramp-up time that directly impacts production output and quality metrics.

Appendix K1: Expansion and Need for Positions

Feb 27, 2025 8:00 AM Eastern Standard Time

CoStar Group Expects to Hire an Additional 1,000 New Positions in 2025, Predominately in Richmond, Virginia to Support Homes.com Growth

CoStar Group anticipates completing new one million square foot Richmond global operations headquarters in the spring of 2026 to house approximately 3,500 employees

ARLINGTON, Va.--(BUSINESS WIRE)--CoStar Group, Inc, a leading provider of online real estate marketplaces, information, and analytics in the commercial and residential property markets, today shared insights on the company's plan for continued robust workforce growth in Richmond.

Over the past year, CoStar Group's Homes.com network has become one of the fastest growing residential portals and is now one of the two most heavily trafficked real estate collections of websites in the U.S. The Homes.com network drew an average monthly audience of 110 million unique visitors in the fourth quarter of 2024, according to Google Analytics. To meet demand from real estate agents and home builders to market their properties on Homes.com, the company plans to add approximately 500 new Homes.com sales professionals. Most home buyers consider purchasing either new construction or an existing home. To continue growing its audience, CoStar Group is investing in creating the best possible inventory of new construction homes for sale on Homes.com. Additionally, the company is adding approximately 100 new market analysts to produce this valuable content.

CoStar Group Plans \$460 Million Campus Expansion in Richmond

Data Provider To Add Two Buildings, 2,000 Jobs to Innovation Campus in Virginia



CoStar's expanded campus in Richmond is expected to house more than 3,000 employees at full build-out. (CoStar Group rendering)

Appendix L1: More Case Studies of Talent Technology

Examples of talent technology in action

- **Schneider Electric's open talent marketplace:** Schneider Electric has implemented a robust internal marketplace that connects employees to projects and mentorship opportunities based on their skills and aspirations. This platform also uses analytics to provide employees with personalized career pathing suggestions, helping them explore opportunities and gain new competencies. Past Workhuman Live speaker Tina Kao Mylon, CHRO of Schneider Electric, has explained: "We focus especially on internal projects and matching supply and demand... given your profile and skills, what are the most likely career opportunities, and how might you get there?"
- **Cisco's AI-enabled ICT workforce consortium** Cisco has partnered with Google and IBM to create an AI-driven initiative that focuses on equipping employees with new skills for evolving technology roles. Their reskilling programs ensure employees are prepared to meet the demands of an AI-driven workplace. According to [consortium data](#), 92% of top technology roles have evolved in the past five years, making reskilling a priority.
- **AstraZeneca's digital reskilling programs** AstraZeneca leverages generative AI tools to upskill employees in areas like bioinformatics and digital health. These programs allow employees to experiment with cutting-edge technologies while driving innovation in patient care. According to Dr. Bonnie Cheuk, Global Capability Lead: "By encouraging our people to explore possibilities, we enhance our digital capabilities and support our drive for innovation."
- **LinkedIn's AI career tools:** Leveraging generative AI, LinkedIn helps professionals identify career opportunities, draft résumés, and develop soft skills, making reskilling accessible and actionable. As Teuila Hanson, Chief People Officer at LinkedIn, writes: "The most successful companies in this next era of work will win because of their talent, not just their tech - they'll be the ones focused not just on the destination of an AI-powered workplace, but on making sure their people feel like they're being brought along for the journey."
- **Workhuman's Human Intelligence:** Our newest innovation leverages AI-powered recognition data to reveal deep insights about workplace culture, employee engagement, and skills development. By turning recognition moments into actionable analytics, the platform empowers organizations to map talent strengths, identify leadership potential, and facilitate internal mobility. As our Workhuman CEO and Keynote Speaker Eric Mosley has explained, "The real data that matters isn't in demographics - but in how people behave and interact." This approach not only supports talent mobility but also fosters a culture of growth and connection, helping employees thrive within their organizations.

Findings & Data Points:

1. Unilever (The Pymetrics Model):

- a) **Metric:** Unilever replaced resume screening with AI-based neuroscience games (Pymetrics). The data shows this shift saved 100,000 hours of human recruitment time annually and reduced the average time-to-hire from 4 months to just 2 weeks.
- b) **Diversity Impact:** Contrary to fears of algorithmic bias, Unilever reported a 16% increase in the diversity of their hires, suggesting that removing human screening at the entry level actually reduced unconscious bias.

2. Hilton (Video Analytics):

- a) **Metric:** Hilton implemented AI-driven video interviewing (HireVue) to analyze candidate intonation and non-verbal cues. This reduced the recruitment cycle from 6 weeks to 5 days a nearly 90% reduction in time-to-hire.
- b) **Cost Efficiency:** The automation allowed Hilton recruiters to process candidates without increasing headcount, saving an estimated 8,000 recruiter hours in the first year alone.

3. L'Oréal (Conversational AI):

- a) **Metric:** Facing 1 million applications annually, L'Oréal deployed "Mya," a conversational AI chatbot. Mya handled the initial screening questions, saving recruiters 40 minutes per candidate and approximately \$250,000 in operational costs annually.

4. Critical Counter-Case (Amazon):

- a) **Failure Analysis:** Amazon's experimental AI recruiting tool (2014-2018) was scrapped after it taught itself to penalize resumes containing the word "women's" (e.g., "women's chess club"). This case proves that while AI solves the velocity problem, it introduces a severe validity risk if the historical data fed into it is biased.