Key Learnings from VocTech Market Activity

Quarterly Report, October – December 2022

Q4

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Ufi Ventures and Tyton Partners are collaborating on an ongoing exploration of the opportunities for investors in the Future of Workforce Development. We are working together to both refine Ufi Ventures' focus over time and to catalyse the broader field of Vocational Technology (VocTech) investing across the UK, drawing lessons and insights from continental Europe and North America.

In this report, Ufi Ventures and Tyton Partners offer their quarterly review of select current market developments and dynamics in a challenging and seemingly contradictory time. For more information about the methodology we use in compiling this briefing, please refer to our annual report, The Jobs Frontier 2022, albeit noting that the 2023 version will be published in the next month.

Executive summary

A complex and uncertain macroeconomic environment continues to develop, particularly given the ongoing war in Ukraine and China's approach to COVID-19 (the latter of which eased towards the very end of the quarter). Inflation has continued to hinder economic growth despite slightly easing across wealthy nations.

Employee wage growth has not kept pace with inflation. There has been a consequent increase in union activity across various sectors over wages and benefits as they hope to match increases in the prices of goods and services with pay raises. According to the Office of National Statistics, 417,000 working days were lost in the UK because of labour disputes that took place in October. 1.1 million working days were lost in a five-month period from June to October, the highest in a five-month period since early 1990.

Labour markets continue to be contradictory and unusual. Signs of a skills mismatch between the available workforce and job openings continue. The quarter saw an increase in layoffs, particularly at tech-driven organisations, likely as they reduce costs in anticipation of a difficult macroeconomic environment and/or to meet financial targets. Consumer demand has slowed due to wages not growing with inflation; similarly, investor appetite has dipped due to higher interest rates that make debt more expensive. Yet, organisations continue to suffer skilled labour shortages – and in and of itself, this is likely to have hindered growth. Particularly affected sectors include healthcare, construction, hospitality, agriculture, logistics and education.

The green transition continues to be an area of focus for wealthy nations as the world grapples with climate change and belligerent Russia. Upskilling partnerships and investments continue to be rolled out, as do skills-based hiring initiatives; legislation around gig work, hybrid work and AI-driven hiring is being implemented in some jurisdictions.

Venture Capital investments into EdTech and VocTech slowed this quarter as investors have become cautious, likely due to higher interest rates and significant valuation drops. Yet, there was still considerable activity. Well-known players such as Pearson and Guild continued with their stated strategies, Factorial closed a $120m Series C in the HR Tech space, and more generally, upskilling, training, talent acquisition and career pathways saw sizeable deal volume. Notably, sizeable deals continued in India, which may be providing investors with an alternative to the unexpected turbulence in Europe.

Framing Questions

Q. **Why are employers not making efforts to improve the attractiveness of construction, teaching, agriculture, and healthcare jobs that continue to experience acute skilled labour shortages?**

Q. **How can partnerships between educators and private sector organisations be better leveraged to help create a skilled workforce for new jobs in areas such as AI and green technologies?**

Q. **Beyond apprenticeships, how can organisations in the UK create more pathways for non-degree candidates to get good paying jobs and remove bias from recruiting processes?**

Part I: Inflation, falling consumer demand, labour and skill shortages continue to halt economic growth

Signs of softening

In the UK, inflation hit a historic 40-year high of 11.1% in October before easing slightly to 10.7% in November. The Bank of England (BoE) continued its efforts to bring down inflation by raising interest rates twice during the quarter. Its latest raise in December took interest rates to 3.5%, its highest level in 14 years. In the Eurozone, inflation fell from 10.6% at the start of the quarter in October, to 9.2% in December despite core inflation (inflation excluding food and energy prices) rising from 5% in November to 5.2% in December. These headline figures hide inflation disparities between countries: Germany fell from 11.3% in November to 9.6% in December, while Spain's corresponding figures were 6.8% and 5.8%. The European Central Bank (ECB) raised Eurozone interest rates to its highest level in 14 years, to 2.5%. In the US, inflation slowed from 7.7% in October to 7.1% in November. Core inflation also reduced slightly from 6.3% in October to 6% in November. The Federal Reserve raised the federal funds rate from 4.25% to 4.5% in December.

In the US, real gross domestic product increased at an annual rate of 3.2% in the third quarter of 2022 compared to a decrease of 0.6% in the second quarter, according to reports by the Bureau of Economic Analysis. The rise in GDP was buoyed by increased demand for American petroleum products, which increased due to the Ukraine conflict and less reliance on oil from Russia. In the UK, GDP growth slowed, growing by 0.5% from September to October and 0.1% from October to November, with the services sector being the main driver of growth according to data from the ONS. The latest data from Eurostat shows Eurozone GDP growth slowed in 2022's third quarter, growing at 0.3% compared to 0.5% in the previous quarter. The main driver of growth was a good tourism season in Italy, France and Spain as well as domestic demand. The rise in GDP could also be linked to reduced gas demand in an unseasonably warm winter. According to Bruegel's European natural gas demand tracker, gas demand in Europe reduced by 11% compared to the average period between 2019 to 2021.

The labour market across wealthy nations showed some evidence of cooling. 223,000 jobs were added to the US economy in December, lower than 256,000 from the previous month, according to data from the National Bureau of Labor Statistics. The unemployment rate in the US fell to 3.5% in December from 3.7% at the start of the quarter. In the UK, the unemployment rate remained unchanged at 3.7% in September to November, compared to the previous three-month period, according to figures from the Office for National Statistics (ONS). The total number of vacancies in October to December of 2022 was 1,161,000, decreasing by 75,000 from the previous quarter.

The Eurozone unemployment rate also remained unchanged in November at 6.5% compared to October. The number of employed people grew by 0.3% in the third quarter of 2022. Spain saw the highest job growth with a 1.4% quarterly increase, while Finland recorded the worst with a decrease of 0.8%.

During the quarter, there were waves of layoffs in various tech sectors ranging from EdTech to FinTech. Data from Layoffs.fyi shows that more than 42,000 tech employees lost their jobs in November, with two thirds of those cuts at Meta, Amazon, Cisco, and Twitter. Microsoft also announced layoffs across multiple divisions, though they did not indicate their magnitude.

In EdTech, one of the most significant downsizing initiatives was Indian company Byju's announcement that the company valued at $22bn planned to let go of 5% of its workforce (equating to about 2,500 employees across various departments) in efforts to improve its finances and achieve profitability by the end of the current financial year. The company had previously cut hundreds of jobs in June. Unacademy, an online learning platform also based in India, announced plans to cut 10% of its workforce (350 roles) citing the worsening economic climate. Massive open online course platforms, such as Coursera and 2U announced layoffs due to slowing revenue growth and economic environment.

Organisations in the FinTech industry also implemented job cuts, citing the economic climate and the necessity to reduce costs as its reasons. Kry, a digital health provider, announced 10% of its workforce (3,000) will be laid off due to the worsening market outlook.

However, there were still jobs available. Unfilled vacancies in the UK fell slightly by 65,000 to 1,187,000 from September to November. Job vacancies in the US also fell significantly by more than 1m in August, but still stood at 10.05m. In Germany, the labour market reached a new post-reunification high according to the Financial Times, as the number of employed people reached 45m in 2022, up by 589,000 people from the previous year.

Much of the above seems to point to a mismatch between the skills required for the available jobs, and the capabilities of the unemployed looking for work. There were further troubling indications of this disconnect in two key reports. A survey, conducted by City & Guilds, of 5,000 18–24-year-olds living in the UK, found that 13% were currently unemployed, and 9% of those studying or out-of-work say they never intend to start working – a clear and somewhat depressing indication that many young people are sceptical about their job prospects in the labour market. By contrast, according to a report from the House of Lords, a major reason for labour shortages in the UK is early retirement by adults aged between 50 and 60, largely by choice – who presumably have many of the skills which are now being sought. The cost-of-living crisis may force some of these people back into back into work, but there are few signs currently.

Structural shifts

One focal point of the skills mismatch is in the "green transition", as countries move towards carbon neutrality. The likely net gain of jobs – a McKinsey report on the net-zero transition states that the transition to green energy by 2050 will add about 200m jobs globally but also lead to the loss of 185m jobs globally – is forecast to be disruptive and require extensive reskilling and upskilling.

The automotive industry is clearly one of the key sites of this change. Europe's ban on the sale of new combustion powered vehicles, set to begin in 2035, has pushed vehicle makers Renault Group and staffing company Adecco Group to create a new association, called ReKnow University. The organisation aims to work with suppliers and subcontractors to develop new relevant skills and help employees in the automotive industry transition to "green" jobs. Yet, there may not be as many positions to go around as before. In 2018, the United Auto Workers union estimated the transition to EVs could lead to 35,000 jobs lost. This quarter, Ford CEO Jim Farley claimed making EVs would require 40% fewer workers than building cars and trucks powered by petrol.

The somewhat confusingly named US Inflation Reduction Act of 2022 aims to reduce inflation by spending money. In particular, there is a focus on investing in domestic clean energy manufacturing in the US in effort to get one of the world's largest carbon emitters on a pathway to achieving net-zero economy by 2050 and to preserve America's technological advantage compared to China. The Act has received criticism from some top EU ministers who say the plan favours clean energy organisations in the US, although President Joe Biden did claim to offer provisions that will not completely exempt EU & other allied countries. This could perhaps explain the move of some players such as the Electric Vehicle start-up Arrival, which announced plans to cut jobs in the UK as the start-up plans to shift its production operations from the UK to the US. The Act includes significant plans to expand the manufacturing labour force pipeline by creating pathways to include people of colour and women, as well as providing upskilling through apprenticeships into green technology and manufacturing jobs. The legislation aims to do this through wage requirements and hiring provisions around apprentices which organisations must meet to have access to tax benefits.

McKinsey analysis predicts that between now and 2030, the global renewables industry would need 1.1m blue collar workers to develop and construct wind and solar plants, with 1.7m additional workers for their maintenance and operation. The article also claims that white collar workers may prove difficult to find, and by 2030, projects in wind and solar will require 1.3m developers, project managers, finance experts and others. Even if these workers are found, keeping them will likely remain a challenge. The McKinsey article recommends five approaches to thrive in the labour shortage:

- Building a strong visible brand to attract a large pool of employees
- Clear career path development for key job positions (as career development opportunity is a major driver of employee attrition)
- Providing employee incentives in various forms
- Hiring by acquiring other organisations that have specialised talents
- Offering long-term career path development and training

More broadly, Gartner reports that 70% of employees say they lack the skills required to do their jobs. 75% of UK civil servants say their department lacks the necessary technology skills to digitally transform public services.

Hybrid work is starting to become the norm as organisations and nations are implementing policies that offer flexibility to their employees. According to a Financial Times analysis of phone-tracking movements published by Google, trips to workplaces around mid-October were below pre-pandemic levels. In the UK, trips were down 24%. Data from a survey run by the Office for National Statistics backs this trend, showing that more than a fifth of UK workers were using a hybrid model of working. In the US, data from Kaste's back to work barometer, which tracks entry fob access to big professional services offices in the US, shows that office occupancy had returned to about half of pre-pandemic levels in mid-October.

Offshore hiring has continued to gain traction, especially within tech companies. Tech giants such as Microsoft and Amazon are reported to have been actively sourcing talent from Africa over the past six months. The continent saw the number of developers grow by 3.8% from 2020 to 716,000 in 2021 according to Google, who are looking to talent in Africa. This trend is being backed by investors who are allocating funding into start-ups and platforms that help organisations hire remotely. Examples include Atlas, a Chicago-based start-up that helps employers comply with employment rules for remote workers, raising $200m from Sixth Street Growth.

Gig workers have received further favourable legislation during the quarter. The US Department of Labor released a proposal to have more gig workers be classified as full-time employees rather than independent contractors. Companies which use gig workers such as Lyft, Uber, and DoorDash may need to start offering those within their workforce who are judged to be integral parts of the employer's businesses full-time worker rights such as healthcare benefits, overtime pay, and the ability to organise into unions.

The quarter also saw widespread strike action across the wealthiest nations as workers demand better working conditions, salary, and benefits. One sizeable example is the union representing frontline staff at BT, the large UK telecommunications company, launching strike action in October. About 40,000 staff walked out for four days over pay. BT agreed to staff pay rises of between 6% and 16% in November. In Germany, thousands of IG Metall union workers walked out for several hours. Europe's largest industrial union is demanding an 8% increase in pay for workers in Germany's automotive, metal, and electrical industries. Further examples are highlighted in sector-specific coverage below:

Healthcare

The UK healthcare sector continues to suffer major strain, exacerbated by the pandemic. The NHS waiting list (the number of people waiting to start routine treatment in the UK) hit 7.2m people at the end of October, according to NHS figures. Previous reports have highlighted healthcare workers struggling with burnout and stress due to staff shortages and workload. During this quarter, the Royal College of Nursing (RCN) announced strike action that saw nurses strike across England, Wales and Northern Ireland on December 15 and 20 with plans for additional strikes in January. The RCN is demanding a pay rise of 19% which is being resisted by the government, despite substantial public sympathy. The strike action also spread to ambulance workers who voted to walk out during the Christmas period. The UK government created a dedicated unit to coordinate its response to strike action and in some cases, has sent out the army to fill in during the days of walkouts.

Information and Communication Technology (ICT)

Despite waves of layoffs at technology companies, reports indicate that there is a still a shortage of skilled IT workers. Out of nearly 8,000 respondents, 66% of IT decision makers see skills gaps in their teams, according to a Skillsoft 2022 IT Skills and Salary Report. However, these gaps have reportedly been narrowing due to inflation and a tougher macro-economic environment impacting organisation revenues. The report also points out increasing demand for cloud, data science, and IT infrastructure skills. However, the industry continues to suffer from employee retention problems with skilled labour attracted to other organisations offering better pay.

Hospitality

Shortages that impacted the hospitality sector due to after-effects of the pandemic and Brexit have continued throughout the quarter. UK hospitality businesses have started to turn to older workers to fill shortages. According to figures from Caterer.com, 25.2% of the hospitality workforce are aged 50 and above – significantly higher than figures from the Office for National Statistics that show workers over 50 represented less than a fifth of the industry's workforce before 2020.

Construction

According to an Associated Builders and Contractors analysis of U.S. Bureau of Labor Statistics data, the construction industry had 407,000 unfilled job openings in August. This number is expected to increase significantly with the passage of the Infrastructure Investment and Jobs Act as well as the Inflation Reduction Act. According to a Construction Labour market report from the Home Builders Institute, the construction industry will need 2.2m net hires from 2022 to 2024 to meet demand. The report goes on to estimate that the US faces a shortage of homes for sale due to a lack of construction labour, as well as higher interest rates that have made mortgages more expensive. An article by McKinsey on construction labour shortages makes suggestions on how the industry can try to reduce them; upskilling and reskilling the workforce to fill roles; hiring workers from non-traditional pipelines such as formerly incarcerated individuals, veterans and women, including benefits and perks into compensation packages; and using apprenticeships to attract younger workers.

Transport

Industrial action was rife in the UK transport sector. Rail strikes have continued as employees protest for increases in their wages to match inflation. The disruption has cost bars, pubs, hotels and restaurants £1.5bn in lost business in December alone according to trade bodies. In the transport private sector, workers at the Rolls-Royce UK car factory won a pay deal of up to 17.6%. A report from TechForce foundation claims that the new supply of automotive technicians from post-secondary education programs in the US had dropped by 11% in 2021. The report also makes two estimations: that demand for new entrant automotive/diesel/collision repair technicians reached 232,000 by the end of 2022 and will grow to 900,00 by 2026, and that nearly 78,000 new entrant technicians will be needed for the US aviation industry.

Public Sector

Public sector strikes occurred in various sectors; the UK PCS union is demanding a 10% pay increase in response to the rising cost of living which led to a set of strikes by border staff. Workers at the Royal Mail also went on strike in December over pay levels and better employment terms. In the US, state and local government lost more than 600,000 workers between the pandemic and June 2022 according to the Bureau of Labor Statistics. This has had a significant effect on some states' management of infrastructure, transit, and disaster response preparedness.

Education

Lecturers and staff at 150 UK universities voted in favour of a national strike demanding pay raises in line with inflation. The Department of Education has reported a drop in the number of graduates training to be teachers in England, with 29,000 graduates signing up this year compared to 36,000 last year. Teacher training enrolment was particularly low in science and technology subjects, which threatens to negatively impact plans to plug the national skill gaps in science and technology.

Responses to these shifts

Many organisations have responded to rising costs of living by offering more benefits rather than straight salary increases. A fifth of companies surveyed are now offering extra benefits such as travel subsidies and shopping vouchers, according to a national survey of UK businesses conducted by the Financial Times. There have also been calls for employers to look to develop nonlinear career pathways for some of their frontline employees: for example, Walmart providing front-line store employees with cybersecurity training opportunities. CAPSLOCK, a cybersecurity training company (and Ufi portfolio company), is providing BT employees with cybersecurity training through a 16-week reskilling program. According to research from Josh Bersin's Career Pathways report, companies risk losing staff who feel burnout or dissatisfied with their jobs to other industries if they do not spot opportunities to reskill or upskill. This is backed by data from Jobcase, where 70% of hourly workers claimed they were not receiving opportunities for career advancement.

Flexible working may be one benefit, although this remains controversial as many companies look to get staff back into the office for at least some of their working time, given the perceived benefits of face-to-face contact. The UK government announced new plans that will allow UK employees to request flexible working arrangements from their employers. Uber introduced a policy in November that asked its non-remote employees to come into the office at least twice per week. This includes an offer of an allowance for all its employees to work anywhere in the world for up to four weeks per year. The Portuguese digital nomad visa, which came into effect on the 30th of October, allows remote workers who make four times its national minimum wage to work and live in the country. Many other European countries, such as Spain and Italy, are in the process of implementing or already implementing similar programmes which would allow remote workers work and live in their countries.

The U.S. Department of Labor dedicated $80m in funding through its Nursing Expansion Grant Program to support training programs for the future US nursing workforce, noting that more than 275,000 additional nurses will be needed by 2030. Employers in the manufacturing sector have also felt the effects of a skilled worker shortage. JobsOhio, the Regional Growth Partnership and the Ohio Manufacturers' Association announced a joint $2.9m project to increase the number of workers with in-demand skills to northwest Ohio manufacturers.

Partnerships for upskilling were plentiful. Future Learn, an online learning platform, and Microsoft announced a joint partnership which will look to provide students with access to new technology skills courses in data engineering and artificial intelligence on the FutureLearn platform to meet demand among young professionals. According to its Future of Learning 2022 report, this is almost one in four people in the UK aged 25-34. 2U also announced the launch of bootcamps with edX with the ambition to help universities upskill their students in web development, cybersecurity, data analytics and fintech. The National Student Clearinghouse, a US provider of higher education verifications and electronic record exchanges announced a partnership with Black talent marketplace OneTen to open employment pathways for Black workers without college degrees into family-sustaining jobs, both by working with post-secondary institutions and providing OneTen with data and research services. Verizon and Generation, a non-profit organisation that helps provides job training and placement opportunities for free, announced a multi-year partnership that will bring a free online reskilling program to 26 cities in the US, with the goal of skilling and creating career pathways into technology jobs for 5000,000 individuals by 2030, with plans to further extend the program into the Australia, France, Italy, Spain and the UK. Strada, a non-profit organisation that looks to assist students into post-secondary education through financial support, announced awards of grants worth up to $4m to strengthen partnerships between employers and community colleges that connects learners at community colleges with job opportunities.

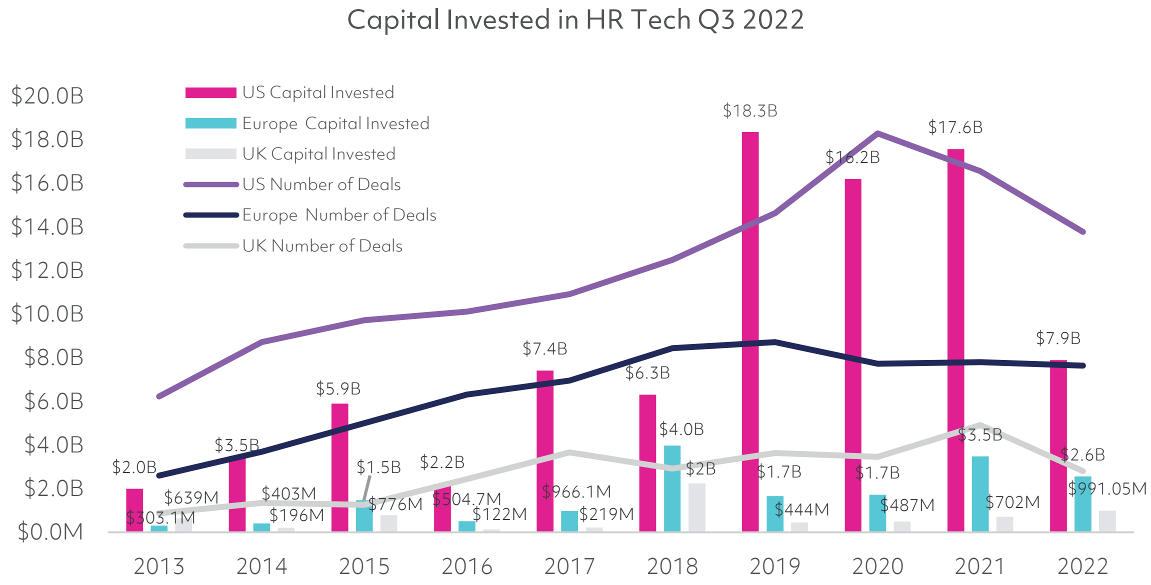
A McKinsey report on how government agencies can reduce labour shortages and address attrition suggested building a people analytics function to remove bias from HR decision making, more offerings of personalised learning, and transparent career growth trajectories. Separately, but in the same area, The State of New York passed a law on the use of AI in employment which goes into effect on the 1st of January. The law prevents employers or employment agencies from using automated decision tools to evaluate New York candidates and employees unless bias audits are conducted on the tools.

Organisations have looked to expand their talent pipelines, with many more adopting skills-based hiring approaches. IBM, Boeing, and Walmart are some of the organisations who have removed degree requirements from some of their job postings. Insights from LinkedIn apparently show that removing degree requirements could also reduce attrition rates: apparently, people without degrees stay at their jobs 34% longer than those with degrees. According to data from a Multiverse survey, 66% of young adults (aged 18-26) with degrees said real world training was the most essential part of a successful career (note that Multiverse offers such training, so is publishing research in its own interest). A McKinsey article states that skill-based hiring, as well as creating skills-based pathways for employees without degrees, could make employers more resilient in the face of a recession. Skillstorm announced the launch of an initiative, Upskill Together, a coalition of employers and universities. It looks to improve historically underserved communities' access to high-demand, industry-recognised credentials.

Cisco announced a goal of empowering 25m learners with digital and cybersecurity skills through its Cisco Networking Academy. ThriveDX, a cybersecurity training provider, also announced a new initiative to train tech students. Research from Josh Bersin Academy advises HR departments to expand nonlinear career pathways for their staff through external partnerships – even with organisations in a different industry – to help battle employee job dissatisfaction and burnout. According to research from the Association for Talent Development, 38% of its respondents are using a formal coaching program while 30% plan to create one in the next two years. They have been most effective for leadership and management skills, with 75% of respondents reporting improvement. Deloitte is doubling down on professional development with its Project 120, a program that delivers training to its employees in AI, cloud, cyber and data analytics – all through a $1.4bn investment.

The use of new technologies, such as Virtual Reality and Augmented Reality, to train for very technical and hands-on professions has increased. A peer-reviewed research paper analysing the use of VR surgical simulation training to develop skills and reduce error risk found that surgeons who trained with simulations were five times less likely to cause patient injury.

Part II: VocTech Market Activity



Source: Pitchbook

According to data from Pitchbook and Tyton Partners analysis, the total value of investments (private equity, venture capital, IPOs, and M&A activity) into HR Tech dropped by almost 60% from $1.85bn in Q3 22 to $747m in Q4 2022 as investors moved cautiously during the quarter due to higher interest rates and the anticipation of a recession. There was also a significant market readjustment in terms of falling valuations in edtech. Many edtech companies conducted employee layoffs during the quarter to reduce losses, meet financial targets, and show return on investments for investors. There were about 8,000 layoffs in public and private edtech companies.

However, there is still money in the market. Significant moves during the quarter include:

- Factorial's $120m Series C round. The HR management platform for Small- and Medium-Sized Businesses (SMBs) received investment from storied London-based venture capital firm Atomico.
- Byju's brought its valuation to close to $6bn after the Indian edtech company raised $250m in a round led by Qatar Investment Authority, Sequoia Capital, Tiger Global, Tencent and others.
- CloudPay, a London-based global-pay solutions company, raised a $50m round led by Runway Growth Capital and The Olayan Group.
- Guild Education, a corporate upskilling platform that pairs employees with learning opportunities, announced a $175m Series F round led by Wellington Management with participation from Oprah Winfrey, Citi Impact Fund and others; bringing the company's valuation to $4.4bn.

- Jobs for the Future, a national non-profit focused on the US workforce and education systems, launched a new impact investing arm named JFF Ventures, to invest exclusively on technologies that improve economic mobility for workers in low-wage jobs. (*Note: Tyton Partners was an early advisor to the Employment Technology Fund, the precursor to JFF Ventures.*)
- Ambow Education, a provider of tutoring and education services for K12 students in China, announced the sale of all of its China-based assets to Clover Wealth Limited in a share purchase agreement worth $12m. This is a fraction of the Chinese company's market capitalization before the Chinese government's crackdown on private tutoring – the value of holding company Ambow Education Holding Ltd is down 90% over five years.
- ChatGPT has hit the headlines across the world. In education, there is a particular debate about its use in essays and other written assignments as well as its potential to increase teacher productivity in the classroom. One of the more significant deals during the quarter is Microsoft's plans to implement ChatGPT to its Azure cloud service as well as an alleged plan to invest a further $10bn into OpenAI, the technology's creator.
- Pearson announced the acquisition of Personnel Decisions Research Institutes, a provider of workforce assessment services to the US federal government, from major UK occupational assessment provider, SHL. Financial details of the transaction were not disclosed. Pearson continues to re-align its business around the Future of Work.

There were many deals involving upskilling and corporate training platforms:

- CLASSUM, a learning platform used by corporates and universities, completed an $11m pre-Series B funding round led by Dunamu & Partners, with participation from Storm Ventures and Big Basin Capital.
- Classera, a San Francisco-based learning management system, raised a $40m Series A round led by Sanabil Investments.
- Pixaera, an immersive learning simulation platform, raised $5.7m in a seed funding round led by Phoenix Court and LocalGlobe X.
- MobieTrain, a Belgian microlearning platform for frontline employees, raised $7.9m in a round led by Fortino Capital Partners and BNP Paribas Fortis Private Equity.
- The Society for Human Resource Management, a provider of human resources services announced that it had acquired CEO Academy, a provider of leadership training for CEOs.
- RelyOn Nutec, a rescue and training services provider based in Copenhagen, announced the acquisition of Complete Training Solutions, a UK-based health and safety training course provider.
- 5mins, a gamified learning platform aimed at helping employees upskill, raised $5.7m in a seed funding round led by AlbionVC with Chalfen Ventures, Portfolio Ventures and others.
- BuildWithin, an apprenticeship and workplace training management platform raised $2.4m in a pre-seed funding round led by Dundee Venture Capital with participation from Black Capital. The funding also includes $8m in government grants.
- City & Guilds, a major UK-based accreditor of vocational qualifications and skills development organisation, announced the acquisition of Trade Skills 4U, a UK-based training provider for electrical engineering, from private equity firm, Palatine.
- Impact, a California-based provider of a professional network for the entertainment industry, raised $15m in Series B funding round led by Shasta Ventures.

- Simplilearn, provider of online training and professional certification courses, raised $45m of development capital, from DisruptAD, GSV Ventures and others. The company also acquired Fullstack Academy, an engineering coding bootcamp. Financial details of the transaction were not disclosed (*Note: Tyton Partners advised Fullstack on this transaction*).
- Masai School, a coding school that offers training in full stack, web, and Android development raised $10m in a Series B round led by Omidyar Network.
- Speak, an English language learning platform that is powered by AI (including ChatGPT) raised a $27m Series B funding round led by OpenAI Startup Fund.
- Paris-based start-up Simbel, an employee training platform that looks to connect training providers with employees, raised $4m in a seed round led by Brighteye Ventures and Speedinvest.
- Loft Dynamics, a Switzerland-based virtual reality training platform for helicopter pilots, raised $20m in a round led by David Sacks' Craft Ventures, Up Ventures, and Sky Dayton.
- London-based Makers, a start-up focused on upskilling tech talent, raised $8.35m in a round led by BGF, with Forward Partners and Educapital participating.
- Sana Labs, an AI-based personalised learning platform, announced a $34m Series B round led by Menlo Ventures.
- Beamery, a talent management platform, reached unicorn status after raising $50m in a Series D round led by Teachers' Venture Growth, bringing the company's valuation to 1bn.
- CareerFoundry, a Berlin-based online platform that offers courses in web development, UI/UX design, and digital marketing raised $5m in a round from Tengelmann, IBB, and Verdane.
- Oxford Medical Simulation, a healthcare training platform that uses VR to train doctors and nurses, raised $2.4m in a round led by ACF investors and Dr Nicolaus Henke.
- Switzerland-based digital learning experience and content development platform Avallain, raised $8.2m in development capital from Round2 Capital Partners and i5invest.
- BetterManager, an online leadership development platform, raised $16m in a Series A round led by investment firm, Education Growth Partners.
- Ten Thousand Coffees, a Toronto-based start-up that provides mentoring, employee connectivity, and skills development, raised $56m in a round led by Five Elms Capital.

The quarter also saw a lot of activity around talent acquisition platforms as bigger players consolidate by acquiring smaller players that offer regional advantages or provide complementary services:

- Zen Educate, an online marketplace that matches schools with teachers, raised $21m in a Series A extension round led by Brighteye Ventures, Adjuvo, and Ascension Ventures.
- The Muse, a career and employment platform that offers career advice and skills building services, acquired Fairygodboss, a recruitment platform aimed at finding work for women and working mothers. The purchase price was undisclosed.
- Paycor, a human capital management software provider, announced the acquisition of New Jersey-based AI recruitment platform Talenya, in efforts to increase efficiency of its talent placing service.
- Youbahn, a temporary staffing platform based in Netherlands, acquired all the Dutch activities of ZenJob. Financial details of the deal were not disclosed.
- Qwick, a staffing platform that looks to connect hospitality professionals with on-demand food and beverage shifts, announced a $40m Series B round led by Tritium Partners with participation from Album VC, Kickstart, Desert Angels, and Revolution's Rise of the Rest Seed Fund.
- Proman, a staffing company based in France, announced the acquisition of National Skilled Trades Master, a staffing provider located in the US. Financial details of the acquisition were not disclosed.
- Sapia.ai, a Melbourne-based AI recruitment platform announced a $17m Series A round led by Macquarie Capital and W23.
- Hunt Club, a Chicago-based recruitment firm intended to connect organisations with executive-level talent, announced a $40m Series B round led by WestCap and Sator Grove.
- DISYS, a staffing organisation based in Virginia, announced the acquisition of Grand Circus, a coding bootcamp provider that connects talent to employers.
- TaTio, an Israeli-based recruitment management platform that uses AI to match employers and job seekers, raised $5.3m in a seed round led by Mensch Capital and Cresson Management.
- Adway, a human resources and recruitment platform focused on using social media, raised a $10m in a Series A round led by Octopus Ventures.
- Proman, a staffing and workforce solutions firm based in France, announced the acquisition of National Skilled Trades Masters, a temporary staffing firm for the construction industry.
- Placed App, a recruitment platform used to recruit Gen-Z talent, raised $4m in a funding round led by Praetura Ventures and Blackfinch Ventures.
- Jobs for the Future (JFF) announced the acquisition of a second-chance hiring program from Dave's Killer Bread Foundation, a Dallas non-profit organisation that looks to create employment opportunities for people with criminal records.
- Axiom Partners, a Switzerland-based private equity investment company, announced the acquisition of Seven Stars, a Dutch-based provider of flexible employment services for the IT industry.
- Futuris Co, a provider of human resource services and staffing company based in Maryland, announced the acquisition of LotusUSA, a staffing firm that places junior- and mid-senior-level staff into IT and healthcare positions in local, state, and federal government agencies.
- Wellspring International, a recruitment platform that connects international students with universities abroad, announced the acquisition of StudyMe, a digital platform that connects students with universities. Financial details of the transaction were undisclosed.

With a focus on reskilling, investors allocated funds to platforms that assess talent skills and provide pathways or maps for their career growth prospects:

- Visier, a cloud-based people analytics platform, announced the acquisition of Boostrs, a platform that maps candidate and employee skills.
- ICIMS, a cloud-based talent acquisition platform, announced the acquisition of SkillSurvey, a talent skills verification and digital reference checking platform. Financial details of the acquisition were not disclosed.

There have been several significant funding rounds in India outside of the major thematic deals identified above. Investors may be seeing better, relative, economic prospects and financial return in India compared to other geographies.

- Adda247, a New Delhi-based start-up that offers courses for jobs in railways, public sector banks, and government departments, raised $35m in a funding round led by WestBridge Capital and Google.
- AlmaBetter, a learning management software and provider of tech courses based in India, announced a $2.7m seed raise led by Kalaari Capital.
- Mumbai-based online tech career coaching platform Board Infinity announced the acquisition of Leadup Universe, an executive education platform that creates learning programs and career pathways. The details of the transaction were undisclosed.
- NIIT Limited, an Indian talent development services provider that helps organisations with upskilling programs for employees, announced the acquisition of St Charles Consulting Group, a Chicago-based provider of consulting, design, and implementation solutions for strategic learning programs for $23m.

Conclusion

The challenge of skill mismatches continues to affect the vocational technology ecosystem, exacerbated by the unpredictable political and economic landscape. Investment and innovation continue, but at a lower and more cautious rate. As we will explore further in our upcoming annual report, there remains a need for governments and corporations to engage with these challenges in a multitude of ways – including deeper partnerships – if we are to maximize our chances of finding a new stability.

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