Key Learnings from VocTech Market Activity

Quarterly Report, January – March 2023

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A Tyton Partners report commissioned by Ufi Ventures

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 2023.

Executive summary

Economic uncertainty continues. High inflation and a continued rise in the cost of living in the world's wealthiest nations have reduced consumer demand and investor appetite. Projections that the rocky macroeconomic environment will continue have led to layoffs across various sectors, yet labour shortages that dampen economic growth persist. Labour shortages are particularly acute in the green energy, healthcare, construction, hospitality, education, and public sectors.

Wage growth has not kept up with the cost of living, and many employees continue to seek better wages, benefits, and working conditions. Despite some settlements being reached, industrial action and unrest continue across Europe and the US.

Efforts to transition the economy from its dependency on oil to greener sources have continued in wealthy nations. The EU has begun to put in place policies that would incentivise green businesses to keep their operations in Europe as many senior leaders have criticised the US Inflation Reduction Act for favouring companies located in the US and taking away green investment from Europe.

Venture Capital investments into Edtech and VocTech continued to slow during the quarter as investors moved cautiously amid higher interest rates and the economic downturn. However, there was still a lot of activity. Big players continued to consolidate and double down on their strategies. One such deal was Pearson's sale of its OPM business to Regent, a Private Equity firm, and its acquisition of Personnel Decisions Research Institutes (PDRI, a provider of workforce assessment services for the US federal government) for $190m. There were also sizeable deals in healthcare staffing, where ShiftMed raised $200m in a Series C round. There continues to be a lot of activity in upskilling, corporate training, talent acquisition, and skills assessment platforms.

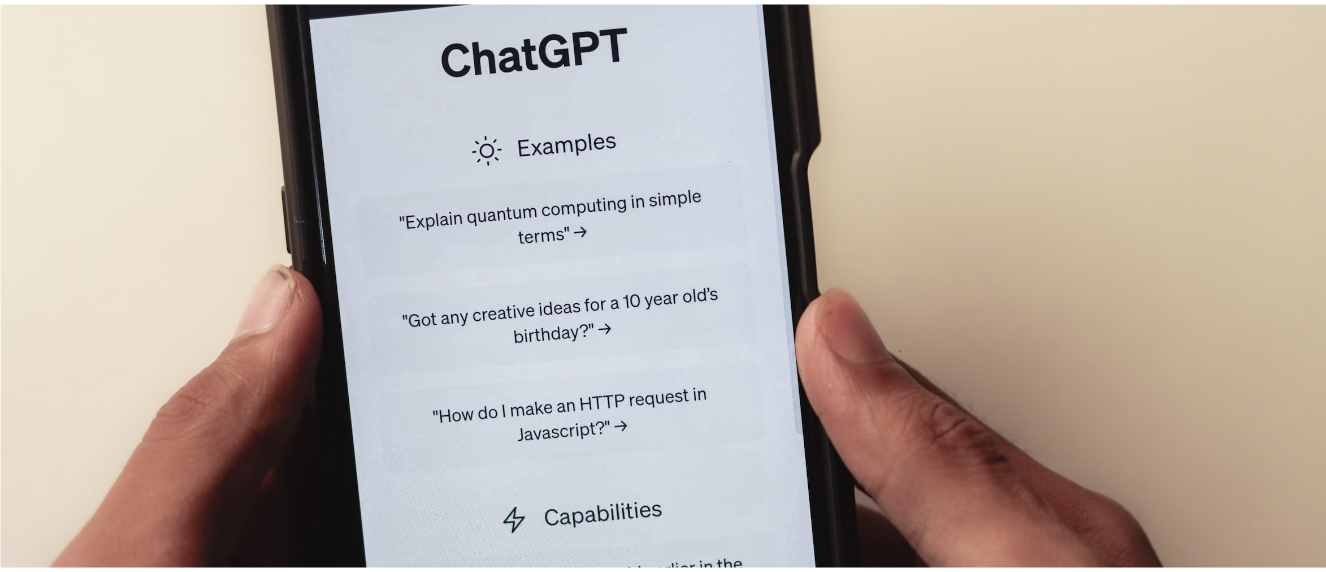
Framing Questions

Q. How can employers be incentivised to use skills-based hiring to increase and diversify the talent of their hiring pools?

Q. How can the significant number of inactive youth and older workers be encouraged back into the workforce?

Q. How can educators, employers, and employees harness the power of Artificial Intelligence (AI) to improve learning and productivity? Is regulation needed to contain its potential downsides?

Q. Can improving benefits in the form of better healthcare and care giver benefits be a useful tool in reducing economic inactivity and retaining employees with healthcare and childcare responsibilities?[1]



[1] Note that Mobilise, a Ufi Portfolio company, provides caregivers with support to help them remain employed.

Part I: High inflation, reduced consumer demand, skill shortages, and industrial action continue to depress economic growth

Macroeconomic context

Inflation has remained stubbornly high, despite slight easing from former levels in the US and some parts of Europe. In the UK, it rose from 10.1% in January to 10.4% in February after lower levels in the final three months of 2022. Food inflation in the UK rose to 13.3% in December, up from 12.4% in November, according to the British Retail Consortium. This inflation was the highest since records began in 2005. The Bank of England (BoE) continued to raise interest rates in an effort to bring inflation down. The latest increase, the 11th in a row, saw interest rates reach 4.25%. In the Eurozone, inflation eased slightly from 8.6% in January to 8.5% in February. Core inflation, which excludes volatile energy and food prices, rose from 5.3% to 5.6%. In Germany, inflation stayed flat, at 8.7% from January to February, while in Spain, inflation rose from 5.9% to 6.1%. Like the BoE, the European Central Bank continued its efforts to tame inflation, raising rates by half a percentage point to 3%. In the US, inflation cooled slightly in January to 6.4% from 6.5% in December. The Federal Reserve also continued its efforts to control inflation by raising the federal funds rate from 4.75% to 5% in March.

The labour market across wealthy nations has continued to experience complex combinations of events. Layoffs have spread across multiple sectors and have been prevalent at big tech companies, perhaps due to weakened consumer demand and a reset of growth spurred by the pandemic. Despite this, many organisations, in the private and public sectors, continue to report labour and skill shortages that have dampened economic output and, in some cases, prevented projects from starting.

In the UK, monthly real gross domestic product (GDP) grew by 0.3% in January after falling by 0.5% in December. The biggest contributions to GDP growth came from the education, transport, health and arts, recreation, and entertainment sectors, according to the ONS. The unemployment rate in the UK, between November 2022 and January 2023, was at 3.7%, unchanged from the previous 3-month period. However, the total number of vacancies fell for the eighth consecutive period by 51,000 between December 2022 and February 2023, bringing the total number of unfilled vacancies in the UK to 1,124,000. This fall likely indicates that organisations are still struggling to find talent to fill open positions. The UK total pay wage growth fell by 3.2% in real terms (total pay includes bonuses). This drop is one of the largest in real levels of pay since April 2009.

In the US, GDP grew by 2.6% in the fourth quarter of 2022, a slight fall from 3.2% in the previous quarter, according to Bureau of Economic Analysis figures. This growth allayed some fears of a looming recession. The US economy added 311,000 jobs in February, significantly lower than the 504,000 jobs added in January. Most of the job gains came from the hospitality, retail, healthcare, and public sectors, while job losses came from those in information technology, transportation, and warehousing. Despite these job gains, unemployment rate rose to 3.6% in February from 3.4% in January, according to the US Bureau of Labour Statistics (BLS). Total job vacancies fell from 11.23m in December 2022 to 10.82m in January 2023. In the eurozone, GDP growth stagnated at 0%, while the wider European Union saw GDP drop by 0.1% in the final quarter of 2022 after growing by 0.4% in the previous quarter. The highest drops in GDP were seen in Luxembourg (3.8%) and Poland (2.4%) according to Eurostat figures. The unemployment rate in the euro area remained flat at 6.6% in December; similarly, the EU unemployment rate remained at 6.1%. Germany saw its economy's GDP shrink by 0.4% due to drops in both consumer spending and investments in buildings and machinery. The unemployment rate stood at 3% in January, unchanged from the previous month, and there were 1,968,516 unfilled vacancies.

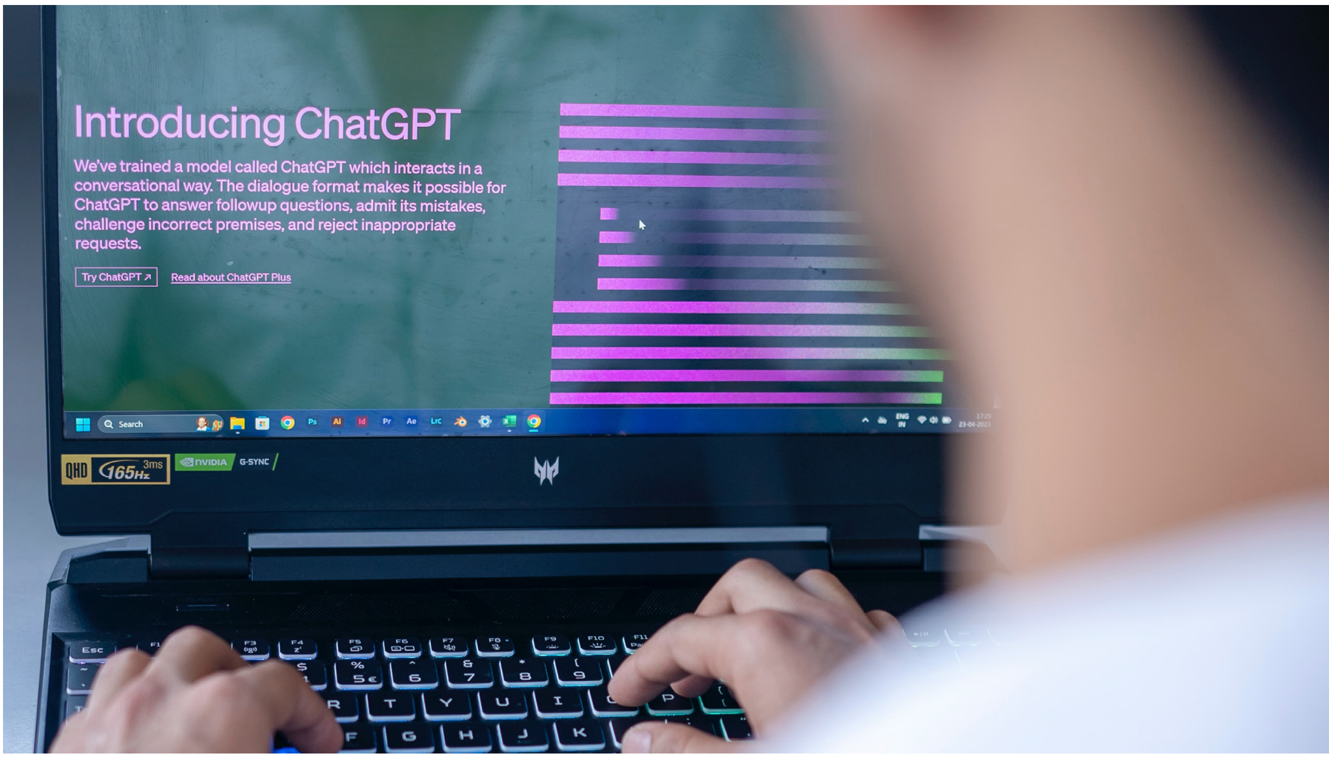
Big Tech organisations have continued to announce job cuts. Google parent company Alphabet announced that it was cutting about 12,000 jobs (6% of its workforce) from its recruiting, engineering, and product teams, citing a difficult economic climate. The tech giant's layoffs also hit its robotics division Intrinsic, where about 40 employees (20% of the headcount) were let go. Similarly, Microsoft announced plans to lay off 10,000 workers (5% of its workforce) by the end of Q3 2023, citing fears of a looming recession. These job cuts affected an entire team dedicated to guiding AI innovation. Meta set out another round of layoffs that affected about 10,000 workers (13% of its workforce) in March, after letting 11,000 workers go in November. Amazon also announced plans to remove 18,000 positions in January in its people, experience, and technology divisions. The tech and retail giant also announced plans to close three of its warehouses in the UK this year, ultimately cutting 1,200 staff due to reduced consumer spending. IBM Corporation also announced layoffs, affecting 3,900 staff, after missing its annual cash target. Salesforce also laid off about 10% of its employees.

The EdTech sector was also affected. Upgrad-owned Harappa Education, based in Delhi, announced layoffs of about 73 employees (40% of its workforce) from its content, design, product, and marketing teams. Unacademy, another India-based organisation, announced 40 job cuts in its upskilling product area to cut costs. Beamery, a UK-based talent acquisition platform, announced plans to lay off 10% of its workforce. LinkedIn announced global cuts in its recruiting department. Similarly, recruitment giant Indeed announced plans to shed 2,200 people (15% of its workforce). Layoffs also hit the car manufacturing sector, with Ford announcing plans to cut 3,800 jobs across Europe (11% of its workforce in Europe) as it scales back on selling combustion engine-driven cars. McKinsey also announced plans to lay off 1,400 staff (3% of its workforce) in March.

Structural shifts

The quarter has seen a rise in the implementation and adoption of AI and automation in education and work; big tech players made further moves in the space. Microsoft-backed Open AI announced a newer version of ChatGPT named GPT-4, with improved "creativity," improved test-taking capability, and new functionalities such as analysing visual input and up to 25,000 words of text. Google announced plans to launch its conversational AI chatbot called Bard.

Microsoft doubled down on its plans for ChatGPT by implementing AI technology across all its Microsoft 365 products to improve workers' productivity. In education, Duolingo, the language learning app, has developed features powered by OpenAI, which it claims helps learners through roleplay and answer explanation. Amidst concerns about its use for academic work, and considerable debate about using it to benefit teaching and learning, ChatGPT was banned in some schools and universities. Anecdotally, the authors of this report are hearing excitement amongst education content developers about the possibilities of using ChatGPT to produce learning materials faster and more cheaply, including both text and images.



Many are debating, predicting and worrying about the implications. Research from Goldman Sachs estimates that AI could automate a quarter of the work done in the US and Eurozone, increasing productivity and raising global GDP by 7% over 10 years. According to a Financial Times article, AI could replace up to 300m full-time jobs across big economies, given it has the potential to speed up tasks that may take humans more time to complete. Elon Musk and many others published an open letter calling for development of AI technologies, notably Large Language Models such as ChatGPT, to be halted whilst better regulatory, governance and safety protocols are developed. The Economist, amongst others, argued that this was self-serving by Musk (who is developing a competitor to ChatGPT), but concurred that there is an urgent need to work out how to manage and regulate these very fast-moving technologies.

Despite potential fears about their jobs, a survey conducted by Salesforce on 11,000 workers in over 11 countries found that 60% are excited about using AI in their work. However, 66% of the employees surveyed do not have the proper skills to use the technology correctly. Perhaps in response to this upskilling need, The AI Education Project, a non-profit with the mission of empowering students across the world with AI literacy, announced a call to action for schools, universities, organisations, and education stakeholders to collaborate towards a goal of expanding AI learning opportunities and equipping students with the skills required to thrive using AI.

The Global Green Economy Report 2023 by Arup and Oxford Economics estimates that a transition to the green economy could potentially add $10.3tn to the global economy by 2050. The EU has complained about how the US Inflation Reduction Act might take away jobs and investment in Europe's green technologies. It has responded by loosening restrictions on subsidies in Europe and accelerating permits for new projects in green energy. The Scottish government also announced a draft of an energy strategy for Scotland that looks to shift from oil and gas production to increased wind and hydrogen development. The CBI Director General Tony Danker advised the UK government to launch its green strategy or risk losing green business to Asia and the US. According to CBI Research, over the past two years, the UK lost market share in battery and hydrogen production, equivalent to £4.3bn by 2030[2].

Employers and employees have continued to negotiate where and when work gets done. Hybrid work continues to be the middle ground. According to an article in the Financial Times, US office vacancies are forecasted to rise 55% above pre-pandemic levels by 2030, equivalent to 1.1bn square feet of space. However, many employers are searching for ways to get their workers back into the office. Walt Disney Company will require its employees to report to their office four days a week beginning in March; the company had previously embraced a three days a week in the office policy. Some states and organisations are adopting four-day work weeks, propelled by findings from a non-profit group 4 Day Week Global. The non-profit group coordinated and measured the results of a six-month trial of a four-day workweek program in the UK and a 12-month program trial in the US and Ireland. About 91 organisations and approximately 3,500 workers in the UK and US participated in the trial. The findings show that for organisations in the UK, revenue rose by 1.4% on average over the trial period, the number of staff leaving fell by 54%, and 71% of employees reported reduced levels of burnout. Therefore, 91% of organisations globally that participated in the trial intend to continue the four-day workweek program.

[2] Note that both advice and research were issued before Danker's resignation from the CBI and the discovery of very serious failings both in its governance and individual staff, including multiple allegations of rape.

More organisations are adopting skills-based hiring policies by reclassifying jobs and removing undergraduate degree requirements. They are seeking to expand their pools of talent to people who are skilled through alternative routes to try to reduce labour shortages and increase access for underserved populations. Pennsylvania in the US announced that [90% of state jobs (equivalent to about 65,000 positions) will not require four-year degrees] and will accept apprenticeships, bootcamps, and other job training credentials as proof of skills. Alaska has made similar moves after the state governor Mike Dunleavy signed an executive order to [remove the four-year degree requirements from most state jobs]. The adoption of skills-based hiring has increased the importance of alternative credentials. However, according to a report by the non-profit Credential Engine, with up to 1.1 million alternative credentials available in the US, individuals, and organisations may be confused about the validity of these alternative credentials and their value and create barriers to skills-based hiring policies.

Union activity continued during the quarter and spread across Europe as employees continued to demand better pay and working conditions given the rising cost of living. Strike action in the UK has led to a total of 1.5m lost working days between November 2022 and January 2023, according to the Office of National Statistics (ONS). In France, strikes were rampant (and sometimes violent) throughout the quarter, [disrupting train services, schools, rubbish retrieval services, and more]. [One of the 10 strikes this year against the government's planned pension reform] (to raise the pension age from 62 to 64) saw about 1.28m people take to the streets in protest. In Germany, the Deutsche Post DHL Group [avoided walkouts from postal workers by agreeing a pay deal] covering 160,000 workers, which includes a €3,000 one-off payment for each employee and an average of 11.5% increase in pay. In the UK, the RMT union suspended strikes planned for late March and early April after a 9% pay increase (more for lower-income earners) and an agreed-upon modernisation of workplace practices.

Education

The National Education Union, a union for teachers in the UK, went on strike for seven days over the past two months, demanding higher pay and better working conditions, severely affecting schools across England. This strike also included a two-day walkout that began on the announcement of the UK budget by Jeremy Hunt. Despite efforts from the Department of Education to negotiate an improved 4.5% pay increase for the next academic year, thus far, all offers have been rejected. The sector also continues to suffer from labour shortages: a National Foundation for Education Research report found that vacancies rose by 37% compared with the 2021/2022 academic year. It forecasted that the number of people recruited to teacher training programs will be 20% below recruitment targets.

Similarly, Teach for America plans to cut 400 staff positions due to its latest (2022) cohort being the lowest number of first-year teacher trainees in over a decade. Teacher shortages have been rampant across different states in the US. For example, 84% of public school districts and charter schools in Minnesota have reported significant teacher shortages, according to a survey of 285 school systems by the Minnesota Professional Educator Licensing and Standards Board. A similar Colorado Education Association Survey found 85% of educators in Colorado reporting significant teacher shortages. A McKinsey survey of 1,800 US educators, school leaders, and school mental health professionals found that one-third of US K-12 educators are thinking of leaving their jobs, with most of them citing better compensation elsewhere and heavy workloads as their reasons for quitting. The American Teachers Act, a bill that will see a minimum salary of $60,000 for all public-school teachers in the US, was introduced into the House of Representatives in December, although it has not yet passed.

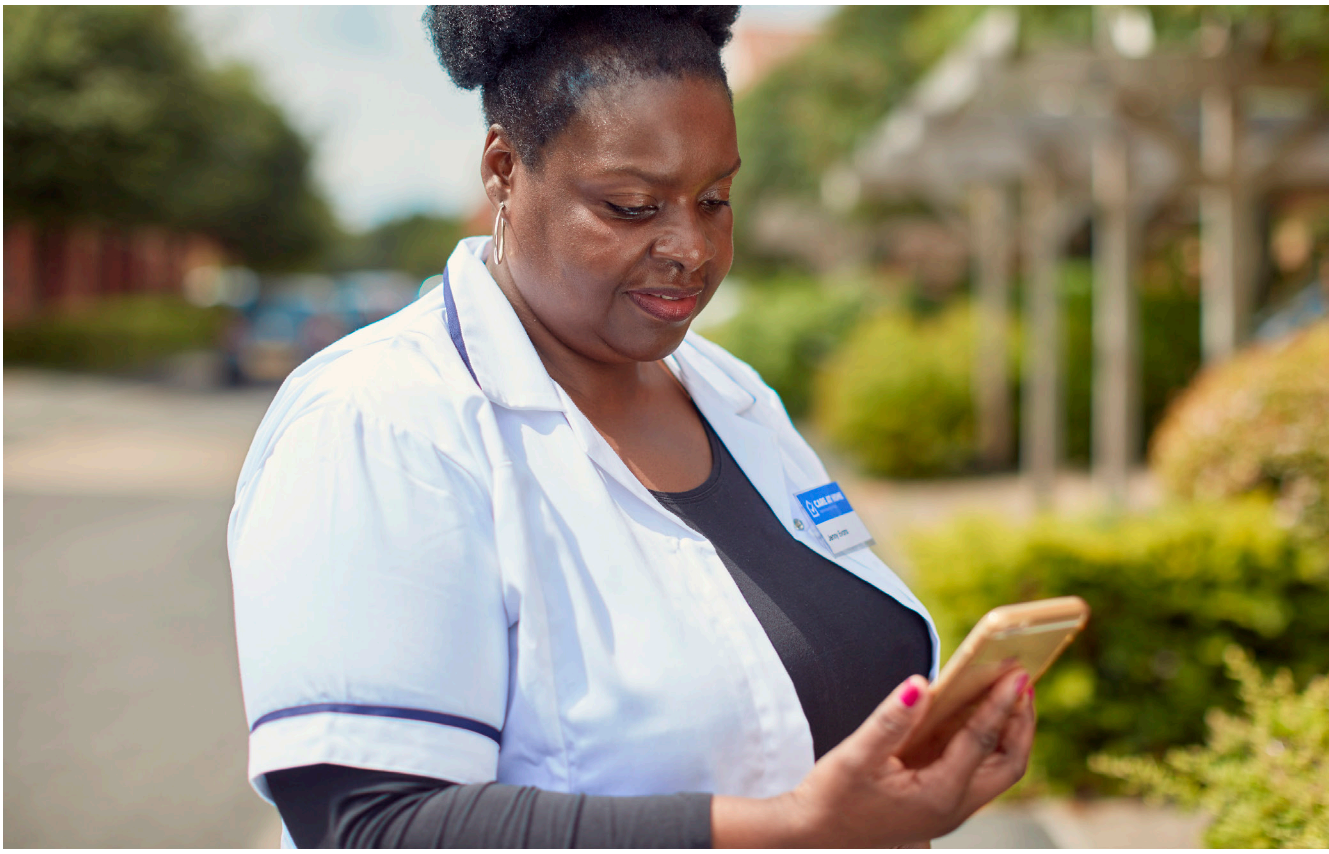
Healthcare

Strike action continued in the UK healthcare sector as junior doctors walked out in a 72-hour strike in March. This strike led to the cancellation of more than 175,000 appointments, putting more strains on the already stretched healthcare sector. NHS leaders were pushed to ask the UK government for support as Covid cases, labour shortages, and backlogs continue to strain the healthcare system and negatively affect patient services. The UK government was able to agree on a pay deal to prevent further strike action from ambulance workers during the quarter, while April talks to reach a deal for junior doctors to prevent further strikes failed. The House of Lords Science and Technology Committee has warned that medical research and teaching in the UK could suffer from a severe shortage of doctors that work in the NHS and universities.

Union strikes across the UK healthcare sector may be creating long-term negative effects on patients' healthcare services and the overall health of the UK workforce. According to the Labour Force Survey, 6% of the working population (2.5m people) are inactive due to long-term illnesses. Illness is also the largest contributing factor for those over 50 who have left the workforce since the pandemic began. Similarly, those aged 16-24 who are inactive or out of the workforce due to illness have increased by 26% from September 2019 to September 2022.

Information and Communication Technology (ICT)

Despite the job losses detailed above, there are still reports of high demand for IT-skilled talent. According to McKinsey's analysis, there will be a tech gap of between 1.4m to 3.9m people by 2027 in the EU's 27 countries. Data released by Cyberseek (a partnership between the national initiative for cybersecurity education, CompTIA, and Lightcast) shows that the US will need about 530,000 more cybersecurity workers to fill vacancies.



Construction

Results from a poll of 12,500 businesses and 685 authorities in the EU conducted by the European Investment Bank, show four-fifths of companies and 60% of local authorities suffer from skill shortages in engineering and digital roles, which prevents projects targeted at a green transition from going ahead. In the US, despite considerable investment in the green transition (particularly through the Inflation Reduction Act), skilled and labour supply bottlenecks remain that could significantly slow down progress. The introduction of The Creating Helpful Incentives to Produce Semiconductors (CHIPS) and Science Acts of 2022, which look to provide $52.7bn to revamp the US semiconductor industry, could require more than 100,000 construction workers to build the facilities and 90,000 workers to operate it, according to the CHIPS program Office. The US government has committed about $260bn to construct semiconductor fabrication plants. Despite huge investments, shortages of pipe fitters, welders, electricians, and carpenters are proving to be a stumbling block to progress in the fab construction industry, according to a McKinsey article. The EU will need more than 1m solar wind workers by 2030 to meet renewable energy targets. And 80% of these jobs will be in installation roles, which have proven difficult for solar wind developers to fill.

Public Sector

Shortages have persisted in the public sector, particularly in the US, where 72% of the public, social care, and not profit sector workers who left their jobs between April 2020 and April 2022 have not returned to the sector or have left the labour force entirely. State and local government job openings also rose by 150,000 between June 2021 and June 2022. This shortage has left State Chief Administrators in the US with talent gaps that have restricted government services and led to critical resource shortages, according to a McKinsey report.

Aviation and defence

The aviation and defence sector in the US is also facing potential labour challenges due to a potential wave of retirements. About one-third of the employees in the industry are aged 55 and over, according to the US Bureau of Labour Statistics and McKinsey analysis. The industry also faces huge competition for younger engineering talent as other sectors offer graduate engineers better pay and competitive working conditions such as hybrid working.

Responses

With skill shortages persistent, public and private sector organisations and other relevant stakeholders have responded with different initiatives to provide pathways to jobs for women, people of colour, people with disabilities, and retired workers. One of the most popular interventions has been apprenticeships. Joe Biden announced the US government's intention to invest in apprenticeships, and $335m of the planned 2024 budget is set to invest in a federal Registered Apprenticeship program to build pathways for women, people of colour, and workers in rural areas into construction, semi-conductor manufacturing, and clean energy. The US Department of Labor also announced $15m in grant funding to support programs that help youth from rural areas, people of colour, and people with disabilities overcome bottlenecks to educational and workforce opportunities using training and career guidance. General Assembly, an IT training and upskilling platform, announced the launch of GA apprenticeships in partnership with Interapt, a skills development platform, to funnel overlooked talent into careers in software, cybersecurity, and engineering.

The UK government's Apprenticeship Levy theoretically provides opportunities for employers to source prospective employees as well as train current employees with new skills. However, a recent study by City & Guilds and the 5% Club on the effectiveness of the levy found that employers have spent an average of only 55% of the apprenticeship funds available to them in the last five years, and only 4% of the employers spent their full funding in the same period. As a result, £3.5bn of levy funding expired between 2017/2018 and 2021/2022. According to the Chartered Institute of Professional Development, employers in the UK have spent up to £2bn on generic management apprenticeships, which have benefits for existing employees, but come at a cost for young graduates and new employees in need of job training. (However, it is worth noting that management apprenticeships may keep older workers retained.) In the recent Spring 2023 Budget announcement by Jeremy Hunt, there were several measures aimed at supporting people into work, creating pathways for disabled workers, and incentivising older workers to enter or remain in the job market. The Office for Budget Responsibility estimates these developments will get 60,000 people into work and enable 1.5m to work longer hours. They include:

Upskilling

- £34.4m in funding for an additional 8,000 bootcamp placements in FY 24/25;
- £28.8m to expand the sector-based academy programme aimed at providing people out of work with training and work experience to get into jobs in in-demand sectors;
- £11.5m to offer intensive English language courses and employment support to Ukrainians who have arrived in the UK fleeing from the war;
- Implementation of "Returnships," which are apprenticeships, skilled bootcamps, and sector-based work academy placements aimed at people over 50.

Pensions

- The annual limit on tax-exempt pension savings was raised from £40,000 to £60,000 and the lifetime allowance limit was removed in April 2023 in efforts to keep older public-sector workers, especially doctors, from retiring;
- The government will also increase the Money Purchase Annual Allowance from £4,000 to £10,000, increasing the amount payable into a personal "pension pot" whilst still receiving tax relief – an incentive to keep older workers in work.

Supporting disabled workers in employment

- Supporting people with severe mental illness into employment;
- Matching disabled and sick people with job vacancies and providing job support for them;
- Removing the Work Capability Assessment for disabled workers.

Childcare

- Providing access to 30 hours of free childcare per week for 38 weeks of the year to working parents from when their child is 9 months until they start school;
- Giving £289m over two academic years, starting in September 2024, to set up wraparound childcare provision in schools;
- Paying parents on Universal Credit childcare support up-front when they get jobs or increase their hours, rather than in arrears;
- Increase in the Universal Credit childcare cap to £951 for one child (up from £646) and £1,630 for two children (up from £1,108).

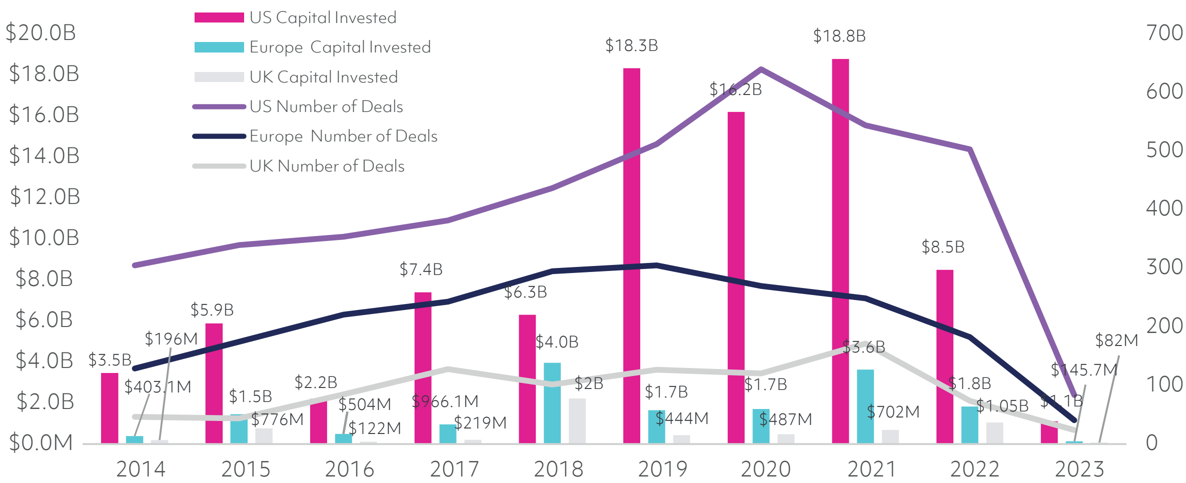
The budget has received criticism for being too expensive for the gains it delivers to the economy. The Institute for Fiscal Studies (IFS) estimates that the workforce policy set out in the budget will raise employment by 111,000 in 2027/28 but will cost £70,000 for each person that enters the workforce – amounting to about £7bn a year in spending. The think tank also claims that excluding the 30-hour childcare entitlement for parents earning above £100,000 affects the incentive to work for those who might earn high incomes. The IFS also criticised the removal of the lifetime allowance and increase in the annual limit as too expensive, potentially boosting the workforce by 15,000 but costing £100,000 per job, according to the OBR. Likewise, the Resolution Foundation also criticised the increase in tax-free pension savings as expensive and possibly counter-productive, as large boosts to pension funds could convince people to retire earlier rather than remain at work.

In the US, a lot of potential workers, particularly women and those from underserved communities, are unable to contribute productively because of childcare responsibilities. According to ReadyNation, a group of executives promoting solutions to help children succeed, childcare costs working parents, employers, and taxpayers $122bn in earnings, productivity, and revenue. The report also estimated that families with children younger than age three lost $78bn each year ($5,520 per working parent) in earnings and job search expenses. More private organisations in the US are starting to notice the importance of childcare in accessing diverse pools of labour and are offering onsite childcare services to reduce labour shortages. The Ballmer Group, a non-profit focused on economic mobility and opportunities for children and families in the US, announced a $45m investment into early childhood education and childcare programs in Washington State by making early childhood education training and certification more accessible through scholarships to diverse pools of talent.

Governments of wealthy nations have also looked to diversify their pools of talent through immigration, especially by helping international students take on work or by creating visas for specific occupations. In the UK, the government is contemplating increasing the number of hours international students are allowed to work from 20 to 30 hours in an effort to fill vacancies. Canada extended expired post-graduation permits by 18 months in an effort to keep international student graduates to fill labour and skill shortages. The UK has also added construction jobs to the list of jobs that will receive special work visa exemptions for international talent.

Part II:
VocTech Market Activity

Capital Invested in HR Tech Q1 2023



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 rose slightly from $1bn in Q4 22 to 1.3bn in Q1 2023 - an indication that investors are still moving cautiously due to the higher interest rates and a difficult macroeconomic climate. In the UK, investments in HR Tech grew by 52% in Q1 2023, when compared to Q4 2022 figures, according to Pitchbook. There continues to be fundraising and M&A activity in upskilling, talent acquisition, and skills assessment platforms.

Some big players continued to make defensive moves:

- Pearson's sale of its online program management business to Regent, a private equity firm, was a significant statement from a big player. As part of the sale, Regent will pay Pearson 27.5% of the business' EBITDA for six years and 27.5% of proceeds if Regent liquidates the business. Pearson also completed its acquisition of PDRI, a workforce assessment services firm, for $190m. This marks the continuing re-focussing of Pearson around workforce training.
- Go1, a corporate learning and professional development platform, announced the acquisition of Anders Pink, a Brighton (UK)-based learning content developer. Financial details were not disclosed.

There continued to be many deals and M&A activity involving upskilling and corporate training platforms during the quarter:

- Hack the Box, a cybersecurity skills testing and training platform based in Folkestone, raised $55m in a Series B round led by Carlyle Group and supported by Paladin Capital Group, Osage University Partners, Marathon Venture Capital, Brighteye Ventures, and Endeavor Catalyst Fund. The company plans to use funds to develop its product and scale into the US and other parts of Europe.
- Interface Technical Training, an IT training business based in Phoenix, acquired Centriq, a corporate IT training business based in St Louis. Financial details of the transaction were not disclosed.
- Ahura AI, a California-based talent development platform that uses AI to personalise learning for each learner, raised $5.6m in a seed round led by CP Ventures.
- NxtWave, an India-based provider of online training programs in tech for college students, graduates, and early career professionals, raised $33m in a Series A round led by Greater Pacific Capital.
- Classera, an education management system/ learning platform vendor based in California, announced a $40m Series A round led by Sanabil Investments and accompanied by Global Ventures, Endeavor Catalyst, 500 Global, Sukna Venture, and Seedra Ventures. The company plans to use funds to expand globally and especially into Africa.
- HowNow, a London-based learning experience platform ("LXP") that helps companies onboard and upskill employees through video classes, raised $4.9m in a Series A round led by Pearson Ventures, the venture capital arm of Pearson, and Mercia Asset Management.
- Marker Learning, a New Jersey-based provider of remote learning and attention disability learning services, announced a $15m Series A round led by Andreessen Horowitz.
- Perdoceo Education, an Illinois-based provider of post-secondary higher education services and online programs, announced the acquisition of Coding Dojo, a Washington-based IT training company, for $64.9m.
- Bitwise Industries, a coding training platform based in California, raised $80m in a funding round led by Kapor Center and Motley Fool with participation from Goldman Sachs and Citibank.
- RangeForce, a Virginia-based cyber defence upskilling platform, raised $20m in a Series B round led by Energy Impact Partners and Paladin Capital Group.
- Paris-based MentorShow, a platform that offers courses on writing, cooking, entrepreneurship, and sports, raised $15.97m in a Series A2 round led by Credit Mutuel Equity and EduCapital.
- Trala, an online music school based in Chicago, announced it closed an $8m Series A round led by Seven Seven Six with participation.
- Voxy, an English language learning platform for corporates, announced the acquisition of Fluentify, a multi-language learning platform.

The use of VR and AR as upskilling tools continues to catch the attention of investors:

- Dreamscape Learn, a developer of immersive learning experiences, raised $20m in a Series A round led by Bold Capital Partners, GSV Ventures, Verizon Ventures, and Cengage Group.
- Metaverse Learning, a learning through VR and AR provider, announced a $1.8m Seed round led by Ufi Ventures.
- Zurich-based Simulands, a healthcare training through simulations provider, announced a private equity growth capital round of $10.7m from SHS Gesellschaft fur Beteiligungsmanagement.
- Prisms VR, an immersive VR platform for math, science, and physics subjects, raised $17.85m in a Series A round led by Andreessen Horowitz.
- Gemba, a London-based provider of management and leadership training using VR, announced a $15.6m Series A round led by Parkway Venture Capital with plans to use funds to grow in EMEA and expand into North America.

The quarter also saw a lot of activity around talent acquisition platforms as bigger players continued to consolidate by acquiring smaller players that offer regional advantages or add extra services to their range of services:

- Rotterdam-based Equalture, a candidate screening and matching platform, announced a $2.66m round led by Shoe Investments, with 4impact and InnovationQuarter Capital also participating.
- nGAGE Talent, a UK-based recruitment firm, announced the acquisition of Ryalto, a workforce management platform supporting communications and booking services for flexible work. Financial details of the transaction were not disclosed.
- WorkIndia, an India-based job search platform, raised $12m in a pre-Series B round led by SBI Holdings, Tokyo.
- Howdy, an Austin (US)-based company that helps organisations recruit talent from abroad, raised an additional $5m to its previous $13m Series A round in August 2022. Obvious Ventures led the round.
- Andela, a global network for remote talent, acquired Qualified, a technical skills assessment platform that helps to identify, qualify and certify engineers.

- Gigged.AI, a UK-based talent acquisition platform that uses AI to match tech talent with businesses, raised $1.91m in a seed round led by Par Equity.
- Paris-based Welcome to the Jungle, a job search platform that connects employers and talent, announced a $53.51m Series C round led by Cipio Partners, Motive Partners, and Blisce.
- Edustaff, a provider of educators to K-12 school districts and community colleges in the US, was acquired by Public Pension Capital and Monroe Capital through an LBO. Financial details of the transaction were not disclosed.
- Tribepad, a Sheffield-based talent acquisition software provider, received $14.6 in private equity funding from BGF.
- ShiftMed, a talent acquisition platform for healthcare staffing in the USA, announced a $200m round led by Panoramic Ventures with participation from Blue Heron Capital and Audacious Capital. The company plans to use funds to expand its national footprint across all healthcare segments.
- House of HR, a Belgian recruitment platform, announced the acquisition of a Pluss, a Germany-based temporary recruitment platform for healthcare and social services.
- Brigad, a Paris-based recruitment platform that connects self-employed professionals with hospitality and healthcare businesses, raised $34.5m in a Series B round led by Balderton Capital.
- Workllama, an Atlanta-based talent recruitment platform, raised $50m in a funding round. The investors in the round were not disclosed.
- Operam Education Group, a UK-based education recruitment platform, acquired Bridge Education Recruitment, a recruitment platform for teachers, teaching assistants, nursery nurses, and support staff. Financial details of the transaction were not disclosed.
- Mesh Community, a Norway-based provider of workspaces for early-stage tech companies, acquired The Hub, a recruiting platform for startups in the Nordics. Financial details of the acquisition were not disclosed.
- Berlin-based Medwing, a recruitment marketplace for healthcare workers, raised $47m in a Series C round from SVB Capital, Quadrillion Capital, and Cherry Ventures.
- HeadRace, an Austin-based recruitment platform, raised $6m in a seed round led by Greylock, Susa Ventures, and Breyer Capital.

There were a few deals involving organisations looking to adopt the increasingly popular Hire-Train–Deploy model:

- Boston-based CareAcademy, a training and compliance platform for senior care professionals, announced the acquisition of NextStep, a Seattle-based healthcare training and job placement platform for certified nursing assistants.

Finally, there were deals involving skills assessment platforms during the quarter:

- Arctic Shores, a UK-based provider of skills assessment tests to assess candidates' skills, raised a Series B round of $7.93m led by Calculus Capital, Praetura Group, and Praetura Ventures.
- Glider AI, a provider of skills assessment through virtual assessments, coding, and video interviews, raised $9.75m in a Series A round led by Primera Capital.

Conclusions

The intensity of uncertainty in the VocTech market only increases. Artificial Intelligence, notably in the form of Large Language Models, looks set to change, challenge and disrupt many of the experiences and business models that have previously been taken for granted. Yet the structural issues surrounding skills gaps and need for collaboration between the various stakeholders in the Future of Work remain stubbornly present.

This Spring and Summer period sees the re-emergence of a number of face-to-face events at which many will have the chance to participate in discussing these issues - we would love to see our readers in person and continue the debate. Please check the Ufl VocTech Trust and Tyton Partners websites for further details.

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