

Key Learnings from VocTech Market Activity

Quarterly Report, July – September 2022

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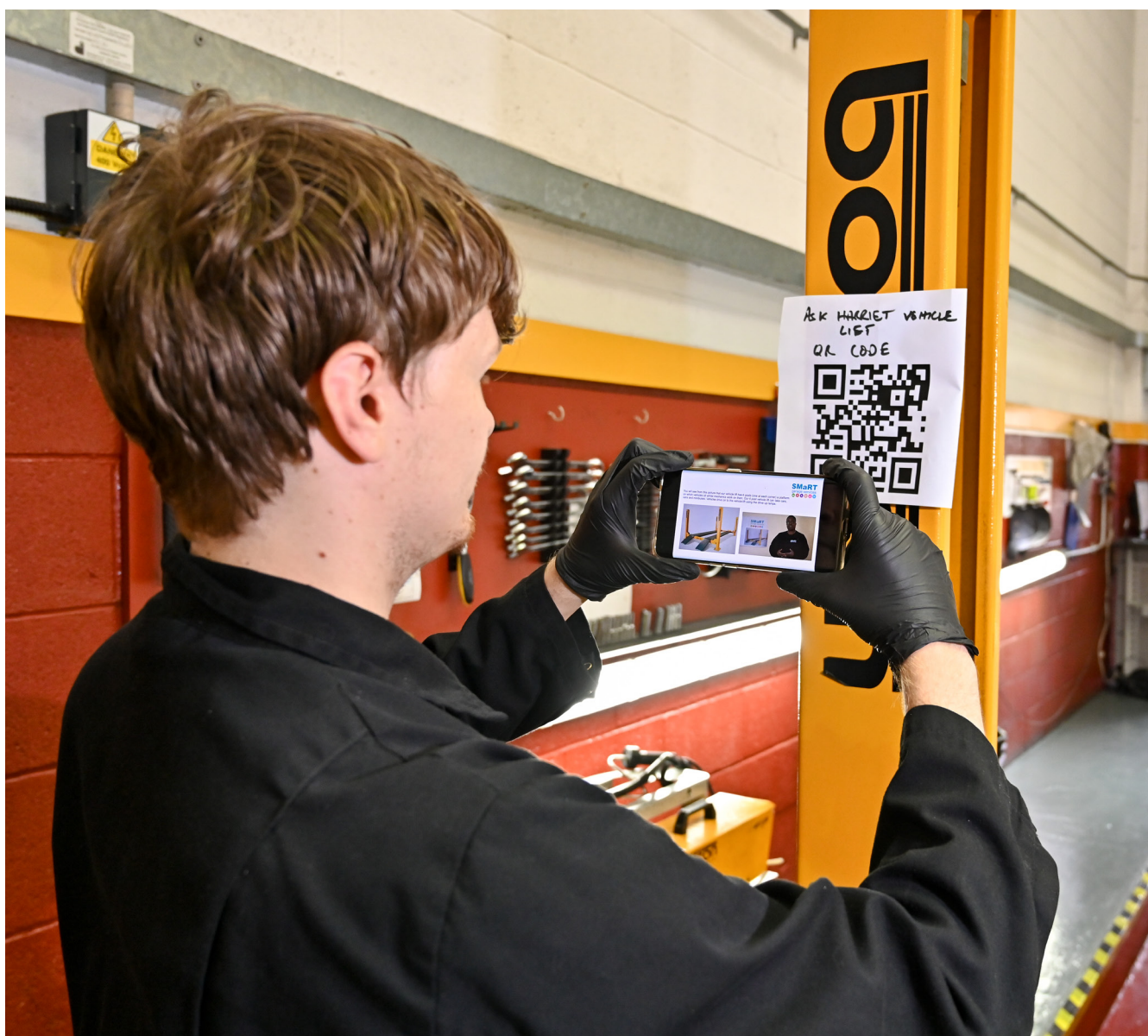
A Tyton Partners report commissioned by Ufi Ventures



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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](#).



Executive summary

A complex and uncertain economic context continues. The cost of living has continued to rise across Europe, damaging economic growth. Inflation has been driven by soaring energy prices as a result of the ongoing war in Ukraine. In the UK, Liz Truss' and Kwasi Kwarteng's "mini" budget has introduced further turbulence. This budget has had macro effects on Britain's economic standing across many markets, and resulted in an almost complete U-turn, and a new Prime Minister and Chancellor of the Exchequer.

Both the pound and euro have also grown weaker against the dollar during the quarter, significantly impacting the purchasing power of individuals, organisations, and investors in Europe. The Bank of England raised interest rates by **0.5** percentage points to **2.25%**, the highest level since 2008. At the same time, the European Central Bank raised rates by **0.75** percentage points in efforts to slow inflation which reached **10%** in September, the highest level in the euro's 23-year history. Germany's inflation also hit double-digits for the first time in **70** years, rising from **8.8%** in August to **10.9%** in September. The steady rise in inflation has clearly affected real wage levels: one consequence has been that unions from various sectors have taken strike action over wages, better benefits, and working conditions. By contrast, news stories continue to point out how European – and particularly British – companies are relatively cheap for those with capital denominated in dollars; we have yet to see opportunistic purchases in the VocTech sector, but this seems ever more likely.

Labour markets are strange and paradoxical. There is some evidence of softening, particularly amongst tech-driven organisations, many of whom are laying off staff as the investment climate cools. However, there is still considerable demand for workers, particularly in sectors which are structurally challenged and/or growing. These currently include IT, healthcare, hospitality, travel, and education. There is also clear evidence that the skills and labour we need for a secure and earth-friendly future are not in place. At a recent major conference of impact investors, the need for upskilling to help facilitate a just and green transition, notably in countries of the Global South which rely on extractive industries and/or fossil fuels, was a further reminder of the potential importance of VocTech on the future of sustainability.

"The Great Attrition has become the Great Renegotiation," claimed one report from McKinsey, which highlights the importance of purpose, wellbeing, and flexibility for those knowledge workers who are in great demand. Organisations continue to experiment with what level of "hybrid" work delivers both productivity and work satisfaction in an inflationary environment, with the Financial Times noting those who are put off returning to the office by "expensive commutes and \$14 lunches". Another report from McKinsey points out the clear mismatch between available labour and required capabilities in the US, particularly for those who are low-skilled and/or unwilling to leave their local area. As highlighted in the scenarios from our [annual report](#), the risks of organisations and governments not committing to extensive upskilling look substantial.

Some stakeholders are responding. Many organisations are making efforts to train their employees to meet the demands of a more digitally advanced workplace. This has continued to spark various forms of partnerships between governments, community colleges, edtech/voctech companies, and investors (both impact-driven and purely commercial) to address skill shortages and create pathways to increase diversity and improve inclusion.

Venture Capital (VC) investment into Edtech and VocTech has slowed in this quarter as investors' appetites has been dampened by a looming recession. However, there was still plenty of fundraising and M&A activity; although, it mostly focussed on training and development in less capital-intensive areas, rather than on the skills we need for a more sustainable future. Finally, Big Tech continued to expand its reach into the VocTech space, with Microsoft announcing a major set of upgrades to its Viva offering.

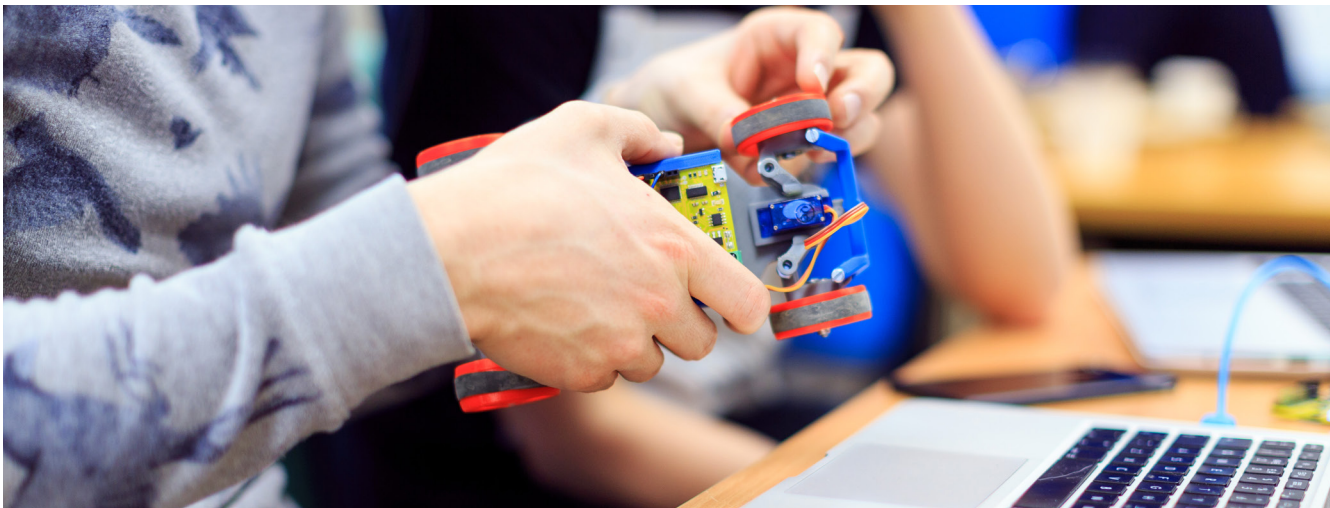
Framing Questions

- Q.** How will the UK and other European countries facilitate the transition to a regenerative economy with a lack of skilled labour and limited infrastructure? How easily can "brown" job workers transition to "green" jobs when the green transition is in full effect?
- Q.** Is there enough momentum yet with the transition to green energy to enable platforms like greenworkx to build sustainable businesses?
- Q.** How can more money flow into delivering training for the jobs society needs (from healthcare to construction)? How do we attract investment into programs which are more capital intensive as they need expensive equipment, physical attendance, and more human intervention? Where can and should technology play a role in the creation of less expensive "hybrid" courses?
- Q.** There has been a focus on apprenticeships as a way of getting people the skills required at work, but how has this translated to job opportunities for people from underserved communities? What more can be done?
- Q.** How will VocTech VC funding react to the widely predicted recession? With investor appetite dipping, will there be a market readjustment in terms of raise sizes and valuations?

Part I: Inflation combined with labour and skill shortages continues to slow economic growth and potential

The broad context

The labour market during the quarter was curious and, at face value, contradictory. Many organisations were laying off staff amid forecasts of a recession, whilst others reported large numbers of unfilled positions hampering their growth. In the UK, the unemployment rate fell to 3.5% from 3.6%, its lowest level since 1974 according to the Office of National Statistics. However, the drop-in unemployment rate is not an indication that more people were employed as further analysis of the data shows an increase in economic inactivity, meaning individuals left the labour market because of long-term illnesses or to return to school and are therefore counted as inactive rather than unemployed. In the EU, the unemployment rate remained flat at 6% in August compared to July 2022 but dropped when compared to a year ago at 7.5% in August 2022 according to Eurostat. Data from the US Department of Labour reveals there were 260,000 initial jobless claims, a proxy for layoffs, in the week of July 30, the highest level since January. Yet, US hiring managers conducted by talent marketplace Upwork on August 26th found that **69%** of the respondents anticipate needing to fill openings over the next six months; **60%** said it is difficult to find talent to fill some spots. According to research conducted by the UK Recruitment and Employment Confederation (REC), labour and skill shortages could cost the UK economy £30b annually if nothing is done.



Signs of softening

Meta, the social media giant formerly known as Facebook, announced a hiring freeze and cut plans to hire engineers by at least 30% from 10,000 to between 6-7,000. CEO Mark Zuckerberg cited a deep economic downturn as reasons for this move.

There was a plethora of layoffs at European tech start-ups during the quarter in various sectors. Hopin, an online events platform, let 29%(242) of its staff go in July after previously laying off 12% (138) staff in February. Outschool, a provider of virtual classes for children based in the US, laid off 18% of its staff after raising Series B, C, and D in a 12-month period, reaching a \$3bn valuation according to TechCrunch. Byju's, an Indian edtech company apparently valued at \$22bn, laid off hundreds of positions at Toppr and WhiteHatJr. Both are online learning, test prep and coding class platforms for K-12, which were acquired by Byju's over the past two years. It is clear that employers, notably those in the education space backed by venture capital, are starting to think hard about hiring decisions.

Structural shifts

McKinsey's American Opportunity Survey highlights barriers that 25,000 American workers face when seeking work. Despite widespread job vacancies, about **one-third** of respondents from suburban and rural areas cited limited supply as the main barrier to a new job. The second most cited barrier was the mismatch between the jobseeker's skills and the requirements of an employer. This was particularly significant for women and minority groups. The third most cited barrier was demand for flexibility. According to another survey from the same consultancy, this time of workers based in the US, UK, Canada, India, Australia, and Singapore; people are leaving their jobs and switching industries for opportunities that offer more meaningful work, career advancement, workplace flexibility, and mental health support.

"Green jobs" remain a key issue. According to the National Grid, the energy sector will need to fill 400,000 jobs for engineers and other specialists if the UK is to reach net-zero emissions by 2050. Despite the Ukraine war making the energy transition a national security issue and an environmental one, the progress of the European Green Deal could be slowed: some European countries including Germany, Austria, and Netherlands restarted coal-fired power stations or raised production limits to reduce their dependency on Russian oil. Ford announced plans to shed about 3,000 employees and contract workers as the motor company looks to shift its operations to building electric cars. The organisation announced a commitment in March to spend \$50bn by 2026 to boost its EV (Electric Vehicle) business. In the UK, some are taking a different approach: energy companies BP and Equinor are paying for their oil and gas workers to get retraining in renewable energy skills.

The gig economy has continued to grow. According to McKinsey's American Opportunity Survey, 36% of the respondents surveyed (equivalent to 58m Americans) are independent workers, a significant increase from **27%** in 2016. Reasons for this growth could range from the rise of digital platforms that ease access to gig work, the COVID-19 pandemic, and the economic downturn that's been causing organisations to lay off workers to top up earnings damaged by inflationary pressures (forcing them into independent work). Discussions and action

surrounding gig worker rights have also increased, an example is the VocTech Podcast, [a podcast by Ufi VocTech Trust](#) on Skills development in the gig economy. In Spain, [domestic workers have been given improved working conditions, after the government announced a new law](#) introducing health, safety protection, and unemployment benefits.

Hybrid work has continued to be a point of negotiation between employers and employees with flexibility seeming to be the most effective strategy to attract and retain staff. Big organisations continue to improve their workplaces into sites of collaboration and connection, rather than a place where people sit at desks on their own for hours. A poll of 8,090 remote capable workers in the US by Gallup found [29% of remote capable workers were working from home](#) full-time in June, down from **39%** in February; **49%** were working in a hybrid arrangement by June, compared to **42%** in February; and those embracing hybrid work are projected to reach **55%** by the end of 2022. Swiss Bank UBS is [subletting two floors of unused office space in its London office](#) after it allowed two thirds of its global employees to work flexibly permanently. Apple employees in San Francisco are [pushing back against calls for them to return to offices three days a week in September](#): a group of apple employees called Apple Together issued a petition arguing that they work as efficiently in remote and flexible arrangements.

Offshore hiring, particularly in tech, has gained traction. According to a [2022 report from tech services company Commit](#), offshore hiring of software development roles could increase by 70% over the next year. Organisations are now looking to hire beyond their borders from countries like the Philippines, Argentina, Brazil, and India. [Latin American talent has attracted attention](#) from US companies, as workers share the same time zones and command cheaper wages compared to those in the US.



Organised labour organisations have responded to these changes, sometimes with protests and strikes. Further examples are highlighted in our sector-specific coverage below, but two particular developments are noteworthy:

- The Criminal Bar Association, which represents 2,400 criminal barristers in England and Wales, claimed wages had dropped by **28%** in real terms. Consequently, [barristers voted in favour of strike action](#) over disputed reform of legal aid fees.
- The UK government, feeling the effects of strike action from unions in different sectors, introduced [new regulations to allow agency workers to fill in for striking workers](#). Trade unions who have [begun legal proceedings against the government's rules](#) claiming they are unlawful and violate fundamental trade union rights.

These developments are broadly in line with the core challenge explored in our annual report: governments, commercial organisations or (ideally) both need to commit serious, long-term investment to ensure a relatively smooth and just transition to a technology-centred, environmentally regenerative economy. Below, we highlight some of the most challenged areas in terms of skills, and then look at some of the initiatives that have launched in the quarter to address the challenges of reskilling and upskilling in turbulent times.

Information and Communications Technology (ICT)

Organisations have continued to adopt new advanced tech at a rapid rate, claims [a study conducted by the Economist, surveying 2,000 senior executives in 10 countries](#). It found that **60%** of respondents had already started using new or emerging technologies; however, **50%** say they are not using the technologies efficiently, while **46%** lack the skilled staff to use these technologies effectively. The rapid adoption of technology has led to a significant increase in the number of cybersecurity threats, which has shed light on the need for more skilled professionals to help organisations defend against them. According to research conducted by [Cybersecurity Ventures](#), open cybersecurity jobs worldwide [grew from 1m to 3.5m between 2013 and 2021](#) and these cybersecurity jobs will remain unfilled in five years. The research also finds that [cybercrime damages have cost organisations \\$7tn](#) globally and will grow by **15%** each year over the next four years.

In the Upwork survey mentioned above, [60% expect data science roles to be hardest to fill](#), followed by **58%** relating to engineering and IT roles. As a result, organisations such as Amazon, Accenture, IBM, and HP are easing their job requirements for some tech jobs and are now seemingly [willing to hire by favouring IT credentials over the typical four year degree](#).



Healthcare

The healthcare sector has not recovered from COVID-related shortages. The World Health Organisation (WHO) reported that about 180,000 healthcare workers died from COVID between January 2020 and May 2021 – not only terrible in itself, but also doubtless affecting their remaining colleagues' morale. Indeed, the UK's Nursing and Midwifery Council reported over 27,000 nurses and midwives leaving the sector due to the pandemic and poor working conditions. This is **13%** more than left the sector in March 2021. Research from Josh Bersin also predicts that shortages in healthcare will continue, creating a nursing gap of 2.1 million jobs over the next few years.

In efforts to reduce these shortages, the governments of wealthy nations have looked to attract care workers from other regions. For example, the UK government signed an agreement with the Kenyan government to accept nurses who were unemployed in Kenya.

Hospitality

The UK hospitality sector also continues to suffer the after-effects of Brexit and the COVID-19 pandemic. The job vacancy rate has reached 7.9%, the highest of any sector according to the Office of National Statistics (ONS). An industry survey of **250** hospitality hiring managers in July found that the sector has lost 200,000 international workers since the end of 2019. European Union (EU) citizens working in the hospitality sector are down by **41%** (**172,000** compared to **293,000** pre-pandemic).

Shortages in the sector were also felt across Southern Europe, as hotels, restaurants, and tour operators in Spain, Italy, Greece, and Portugal struggled to meet demand when tourists returned during the summer. Many have had to offer better pay and conditions in efforts to fill more than 400,000 jobs according to estimates by local organisations and trade unions. The Spanish government has responded by easing immigration requirements for foreign workers in the hospitality and agriculture sector, allowing foreign workers who have lived in the country for more than two years to seek temporary residency. The Spanish Government also introduced immigration laws to give international students access to work after graduation (previously, they would have had to wait three years post-graduation).

Agriculture

The agricultural sector in the UK has also suffered. A survey of British Berry Growers found that annual food waste that can be attributed to a lack of farm pickers grew from £18.7m in 2020 to £36.5m in 2021. This is despite the government increasing the number of seasonal worker visas from 30,000 to 40,000.

Construction

The construction sector in Southern Europe has seen activity boom post pandemic. However, labour shortages have made competition for workers fierce and resulted in significant wage raises which industry experts claim could damage the effectiveness of the **€750bn** EU COVID recovery fund.



Transport

In the US, bus drivers retiring in large numbers have created a shortage of experienced personnel, which could put transit systems in the U.S in crisis. According to a [survey of 117 transit agencies conducted by the American Public Transportation Association](#), 71% reported they have either had to cut or delay services because of worker shortages. Many of the agencies report difficulty hiring new drivers, while two-thirds claim to be struggling to retain drivers who are leaving for better-paying jobs or retiring.

The summer season saw travelling return to pre-pandemic levels as travel restrictions were eased. Airlines and airport operators which had laid off staff during the pandemic have not been able to provide adequate service to meet the surge in demand. Analysis conducted by Oxford Economics in conjunction with aviation trade bodies shows that [2.3m jobs were lost across airlines, airports and civil aerospace groups](#) since the pandemic began. [Heathrow Airport introduced a daily limit of 100,000 departing passengers](#) and asked carriers to cancel flights and cut passenger numbers. The workers who refuel planes at Heathrow [threatened to strike over pay, a move that would have forced British Airways to cancel 1,500 flights](#). However, the strike was called off [after a pay deal was agreed according to the unions](#). In France, airport workers [held a strike to demand salary hikes to keep up with inflation](#), disrupting flights from Charles des Gaulle Airport in Paris and others.

British railways came to a near-complete halt on several occasions during the quarter as [protests and negotiations played out](#) between union leaders and Network Rail over pay and working conditions. Further strike action by [UK train drivers took place on October 5th and October 8th](#) as walkouts continue to affect travel in the UK.

Royal Mail unions in England and Wales launched a [48-hour strike after disputes and negotiations over pay fell through](#). The Communication Workers Union, which represents **115,000** postal workers, announced a further [19-day strike planned to take place between October and November](#).



Education

Teachers are leaving the education sector in substantial numbers in many countries. Several factors seem to be at play, including burnout and lower pay compared to other sectors. This has had significant consequences for schools in wealthy nations who are finding it hard to hire and retain teachers.

- In the UK, a survey by the Association of Colleges, a further education sector body, found that 85% of the colleges surveyed had teacher shortages for construction, engineering, and IT courses. The survey covered **87** colleges in the UK who claimed better pay elsewhere as the reason for unfilled teaching positions. Strike action and disputes over pay crept into the education sector as college lecturers at 26 colleges in England declared 10 separate days of walkouts to take place during September and October. Clearly, these gaps and disruptions are a compound problem, with shortages of teachers impacting shortages of skilled labour.
- In the US, finding and retaining K-12 teachers remains a substantial challenge. According to estimates from the Nevada State Education Association, about 3,000 teaching jobs across 17 school districts in Nevada remain unfilled as of August. In the Houston area, the largest five school districts report between 200 and 1,000 teaching positions unfilled. Some rural school districts in Texas switched to four-day school weeks as they struggled to compete with other districts who could attract and retain teachers by paying high wages. These shortages have led some states such as Oklahoma, Arizona, and Florida to drop their college degree requirements for teaching jobs to fill vacancies. This trend has spread across states and sectors in the US, with the governor of Maryland announcing that job requirements of a bachelor's degree be removed from thousands of job listings.
- In Canada, the English language learning sector is suffering from a shortage of teachers. Languages Canada, Canada's national language education association, revealed in its annual report that about one in five schools had difficulty attracting teachers.

Responses

Organisations and governments across the world, particularly in the wealthiest nations, have continued to respond to the challenges outlined above. Key tactics have included easing job requirements or forming strategic partnerships between tech companies, universities, and other stakeholders to upskill/reskill and/or create pathways for a diverse pipeline of jobseekers and current staff. Most activity seems to have been in the US in Q3 2022, perhaps because of the European summer break and European governments' preoccupation with the war in Ukraine and cost of living crisis.

The Biden-Harris Administration's Inflation Reduction Act of 2022 has highlighted the need for workforce with more "green" skills. The Act claims to target reduced inflation through investments into domestic energy production and manufacturing. This Act will apparently help reduce carbon emissions by approximately **40%** by 2030, and lower energy costs through tax credits/rebates for the purchase of clean energy products and clean energy infrastructure development. Climate Resilient Employees for a Sustainable Tomorrow (CREST) is a new partnership between Jobs for the Future (JFF), a non-profit looking to drive transformation

for the American workforce and education systems, and [World Resources Institute](#), a global non-profit organisation. It aims to solve the skills problem by [training and placing at least 25,000 people](#) from diverse backgrounds into clean energy jobs in the US. The initiative is backed by a **\$25m** award from the Ares Charitable Foundation, an arm of [Ares Management Corporation](#), a global investment manager.

Apprenticeships and fast-tracked degree programs seem to have been particularly popular this quarter. Diversity, Equality, and Inclusion are also key themes. As noted in previous reports, recruiting and training from underserved populations has now become a key talent acquisition strategy conferring competitive advantage, as well as an ethical imperative.

- The Biden-Harris Administration announced the launch of [the Apprenticeship Ambassador Initiative](#), a national network of more than 200 labour organisations and employer organisations committed to a national recognized registered apprenticeship system that helps employers hire and creates pathways to good paying jobs for a diverse workforce. Through this initiative, various organisations have committed investments towards apprenticeships and training. [International Business Machines Corporation](#) (IBM), a big technology corporation, [committed \\$250m globally to build out registered apprenticeships and other training programs by 2025](#). Siemens launched an Electric Vehicle Charging Registered Apprenticeship program to help high school students earn credits towards a degree while getting hands-on training.
- [Multiverse](#), the London-based edtech unicorn that looks to connect candidates with apprenticeship opportunities and launched in the US in 2021, announced a partnership with [OneTen](#), a coalition of companies and executives with a [commitment to upskill and hire one million Black individuals over the next 10 years](#) into family sustaining jobs through tech apprenticeship programs at OneTen member companies.
- The US Department of Labor [announced a further \\$5m funding award](#) to JFF. The funding is aimed at helping **1,000** school students from diverse backgrounds create pathways into apprenticeships.
- [Year Up Professional Resources](#), a talent placement firm and [OpenClassrooms](#), an online educational platform that offers professional certifications and various degree courses, [announced a partnership geared towards creating pathways for underrepresented talent](#) towards entry level roles in technology, digital and marketing through apprenticeships.
- [SkillUp Coalition](#), a national collaboration of non-profits, training providers and employers [announced a partnership with Unmudl](#), a Skills-to-Jobs Marketplace, to provide training and certification programs from community colleges to employees to enhance their careers. This happens through [Unmudl's Skills-to-Jobs marketplace](#)'s platform that matches learners with community colleges to get relevant skills that will get them on a path to jobs. [Note: members of the Tyton Partners team are investors in Unmudl.]

- Simplilearn, a digital skills training bootcamp announced its partnership with Carlson School of Management, University of Minnesota to create a Blockchain bootcamp, upon completion of the program, a certificate is issued, and learners are made eligible for a Simplilearn career assistance program that will connect them to jobs in the sector.
- The State of Connecticut in collaboration with the Connecticut State Colleges and Universities, the Office of Workforce Strategy, the University of Connecticut announced the launch of a \$35m three-year higher education initiative aimed at addressing shortages of nurses and behavioural health providers in the state.
- In response to teacher shortages in various US states, the North Dakota Department of Public Instruction is investing **\$2m** of federal COVID-19 relief funds as scholarships to three different universities launching online education programs to help aspiring educators earn a bachelor's degree faster. The US Department of Education announced applications will soon open for an \$8m grant competition named the Augustus F Hawkins Centers of Excellence program. The program's aim is to support high quality teacher preparation programs at historically black colleges and universities to improve diversity of the teacher workforce. The US Department of Labor also announced the award of \$70.8m grant funding to 166 Indian and Native American entities to provide employment and training to low income and unemployed Native American adults and youths and create pathways to sustainable careers.

However, there are questions about the effectiveness of apprenticeships in diversifying the workforce pipeline. A report by JFF showed that equity gaps based on race, ethnicity and gender remain almost unchanged from 10 years ago, though youth participation in Registered Apprenticeship programs have more than doubled over the past 10 years.

In a significant UK development, Multiverse was also granted degree-awarding powers by the Office for Students (OfS) in the UK. This makes the company the first apprenticeship provider that offers degrees upon completion of an apprenticeship, creating alternative pathways for individuals to get degrees other than the typical four-year college degree. Previously, Multiverse has described itself as an "alternative" to university. It perhaps indicates the conservatism of employers, parents, and young people in the UK that the company has gone through the onerous process of OfS accreditation; the signalling power of the word "degree" still seems very important.

Some corporations also stood up further upskilling and reskilling initiatives:

- CitiGroup, a global wealth management organisation, created an Education Benefits Program in partnership with EdAssist by Bright Horizons to give its employees opportunities to gain new skills.
- Amazon, the retail giant, committed \$450m in investments towards "best-in-class" benefits to their Delivery Service Partners and drivers in efforts to retain them. These benefits include an academic program for their drivers to gain new skills or earn bachelor's and associate degrees, skill certifications, and high school competition courses. Amazon has also launched a new online learning marketplace section that features technical courses developed both by Amazon itself and external experts. The platform includes 130 courses on Cloud computing and Programming.

- [Adecco](#) started a mobile VR (Virtual Reality) training project in Belgium using large mobile simulators, with [plans to train more than 400 forklift drivers and order pickers per year by 2023](#).

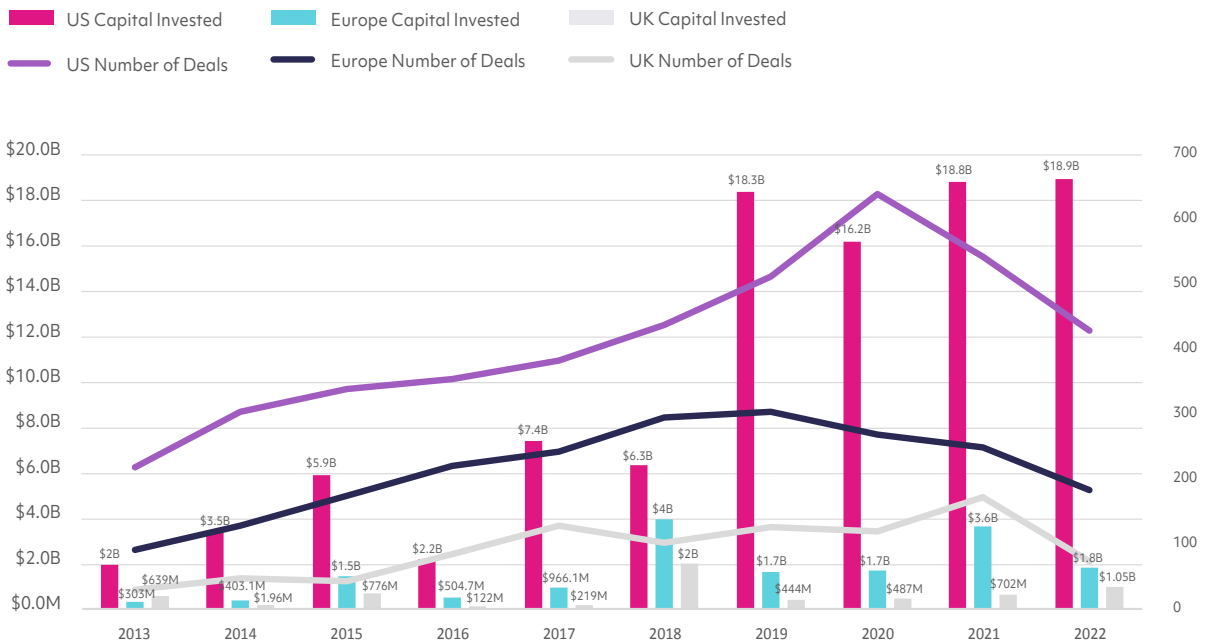
The Biden-Harris Administration also announced public and private sector actions to strengthen the US teacher workforce. Some of these commitments were:

- Encouraging governors and district leaders to use American Rescue Plan's Elementary and Secondary School Emergency Relief (ESSER) Funds and **\$350bn** in State and Local Fiscal Recovery funds to increase teacher wages to attract and retain workers.
- [ZipRecruiter](#), a job board site, is launching a job portal dedicated to K-12 school jobs in the US called [SchoolJobsNearMe](#). Job postings will range from teachers, nurses, social workers, guidance counsellors, and others.



Part II: VocTech Market Activity

HR Tech capital market tracker



Source: Pitchbook

Though the year began with significant deals in VocTech, this quarter saw deal momentum slow: changes to the financial and geopolitical environment are likely dampening investor appetites, especially in Europe. Our informal soundings in the market confirm that many are becoming very defensive in their outlook.

However, compared with last year, European Edtech VC investment is 40% higher than at the equivalent point in 2021. Nevertheless, Europe remains the smallest edtech region when compared to the US, China, and India according to analysis from Brighteye Ventures. Their analysis additionally claims that education is still largely underfunded given only **4%** of the sector is digitized.

According to further data from Dealroom, early-stage rounds have continued to grow while late stage is showing signs of decrease. HR Tech M&A activity during the quarter slowed with a total of 213 mergers and acquisitions compared to 244 during the same period last year according to Berkery Noyes. Deal values in the Education sector decreased from **\$19.3bn** in the first half of 2021 to **\$7.4bn** during H1 2022 according to the same company's research <https://berkerynoyes.com>.

Money still flowed, in select cases as part of very substantial funding transactions. HiBob, a New-York Human resource management and benefits platform, raised a growth round of \$150m led by General Atlantic. Guild Education, a corporate learning platform that provides degree programs to employers in the form of education benefits for their employees, raised a Series F round of \$246.48m led by Wellington Management. The company's valuation was at **\$4.36bn** according to Pitchbook.

There were some significant moves by big players in the VocTech space:

- Microsoft announced the [biggest expansion of functionality in its Viva line of HR-related apps](#) since its launch in 2021. The expansion includes an OKR/goal-setting and tracking integration into Microsoft Teams (Viva Goals), a pulse survey creation tool (Viva Pulse), a new employee communication tool (Viva Amplify) and others as it doubles down on employee experience. Learning functionality is already part of Viva. For many players in the corporate learning and HR Tech space, this will accelerate and sharpen the decisions they need to make about how to react to Microsoft's clear ambitions to provide a full suite of software. Many players offer some combination of SaaS software, consultancy around business goals, and integration with enterprise IT infrastructure such as Microsoft Teams; there are clear choices to be made about how much to compete, how much to integrate, and how much to use as a distribution channel (Viva allows for the sale of third-party content and apps).
- [Pearson announced plans to sell 75% of its South African courseware publishing business](#) to [Novus Holdings](#), a print production firm for **\$64m**. The proceeds will likely be spent on building their strategy in "[consumer-focused lifelong learning](#)."
- [BARBRI](#), an online learning platform that offers legal exam preparation services, training, and certification for legal professionals, [acquired Strafford](#), a provider of online courses and test preparation courses for attorneys, accountants, and other professions. Financial details of the transaction were not disclosed.
- India-based higher education company [Upgrad](#), [announced the acquisition of Wolves India](#), a Tech staffing firm, to give its learners more visibility to tech jobs. Financial details of the transaction were not disclosed.
- [House of HR](#), a recruitment agency that offers temporary and full-time staffing services, announced four acquisitions: these included [StaffMe](#), a digital staffing platform based in France, and [LD Personalvermittlung](#), a provider of healthcare staffing solutions in Germany. The other two acquisitions were via its subsidiary company [House of Covebo, which purchased FID and Bis People, both temporary staffing platforms in The Netherlands](#).

There were many deals involving corporate learning and upskilling. Most were related to power skills (sometimes known as "soft skills") or technology skills such as coding or data science. Whilst these are commonly acknowledged as increasingly essential to company success, it is worth noting that much of this instruction can be delivered effectively via remote and digital means, and that solutions in this space therefore require considerably less capital than training in "hard", hands-on skills. For example, learning electric vehicle maintenance ultimately requires a student to look under the bonnet of a real-life car. We are therefore noticing a lack of capital flowing into solutions for many of the "hard" skills gaps detailed earlier in this report, because purely commercial investment will clearly seek the greatest return on capital. Whilst impact and mission-driven investors are already engaging with this important "whitespace" in the US, few seem to be stepping forward in Europe.

- [Hone](#), a workplace training platform that provides instructor led courses on "leadership & development, DEI, wellbeing, and more" [closed a Series B round of \\$30m](#) to improve their platform's learning experience. The round was led by [3L Capital](#) and followed by F-Prime Capital, Cowboy Ventures, and Slack Fund.

- [Lepaya](#), an Amsterdam based power skills training organisation, [acquired a digital training platform](#) for communications skills training [vCoach](#).
- [Taskhuman](#), a professional development platform that connects users with specialists on specific topics related to their personal and professional lives [raised \\$20m in a Series B round](#) led by Madrone with participation from Impact Venture Capital, RingCentral Ventures, Sure Ventures, USVP, and others. Funds will be used for product development and marketing efforts.
- [GrowthSpace](#), a New-York based coaching platform that uses AI (Artificial Intelligence) to match individual employees and groups of employees with experts for development coaching, [raised \\$25m in a Series B round led by Zeev Ventures](#), with participation from Microsoft Venture Fund and Vertex Ventures.
- [Coding dojo](#), a coding bootcamp based in the US, [announced a \\$10m non-dilutive debt financing from Eastward Capital Partners](#). The company plans to use funds to accelerate its international expansion and curricula improvement plans.
- Web and blockchain development platform [Alchemy](#), a San Francisco-based startup valued at [\\$10.45bn](#) according to Pitchbook, [announced the acquisition](#) of [ChainShot](#), a coding bootcamp for web 3 developers: financial details of the deal were not disclosed.
- [Code First Girls](#), a London-based coding and programming training platform for women to become developers [raised \\$5.2m in a round](#) from Active Partners.
- Barcelona-based remote coding school [Microverse](#), [announced an extension of \\$4m](#) to its [\\$12.5m Series A round](#) last year. The investors were Northzone, General Catalyst, Rubio Impact Ventures, and All Iron Ventures.
- [Artist](#), a microlearning platform that delivers learning content through messaging tools like Slack and Microsoft teams [announced a \\$12m Series A funding round](#) led by PeakSpan Capital and Rainfall Ventures.



- Cybrary, an online cybersecurity training platform announced a \$25m Series C round led by Build Group and Gula Tech Adventure.
- Junto, a Belin-based online learning platform intended for startups, raised \$5.08m seed round led by Earlybird Venture Capital.
- FundamentalVR, an immersive simulation platform for medical and health care professionals, raised \$24.88m in a Series B round led by EQT Life Sciences.
- Learnsoft, provider of compliance courses intended for corporates, public entities, and government sectors raised \$16.7m in a Series A round led by Elsewhere Partners.

Unsurprisingly, recruitment and talent management companies focused on key areas of skills shortages continued to transact:

- Medical solutions, a travel nurse staffing firm in the US announced the acquisition of Matchwell, a talent marketplace that matches healthcare facilities with clinicians.
- Also in the travel nurse recruitment sector, Nomad Health, an online platform that connects nurses with healthcare jobs raised \$105m in a Series D round in a combination of debt and venture funding led by Adam Street Partners and Icon Ventures.
- Incredible Health, a US-based job matching platform for healthcare professionals raised \$80m in a Series B round at a 1.65bn valuation.
- Patchwork Health, a healthcare workforce platform that looks to connect workers directly with local and collaborative staff banks, raised \$24m in a Series B round led by Perwyn Advisors.
- HireArt, a talent acquisition platform that offers organisations talent screening, onboarding, payroll, and human resource support, announced a \$25.9m Series B round led by Three Fish Capital.
- TeamTailor, a Stockholm based talent acquisition platform, raised \$10.57m in a Series B round led by Sprints Capital.
- Cologne-based talent acquisition platform CATCH, raised an undisclosed amount of seed funding led by TechVision Fonds.
- UK IT recruitment group, Focus Cloud, announced the acquisition of specialist Microsoft recruitment firm, Cognitive Group. The merged company will be named Focus Cloud Group. The financial details of the transaction were not disclosed.
- Gojob, a recruitment platform based in France that matches temporary workers with jobs announced a \$23m funding round led by Amundi, Breega, KOIS and Alter Equity.
- Glints, a talent development and recruitment platform based in Singapore, announced a \$50m Series D round led by Persol Holdings company, DCM Ventures, and Lavender Hill Capital Partners.
- Looking to help fill teacher shortages by connecting schools and daycares with teachers, EarlyDay, a career marketplace for early childhood educators, has raised \$3.25m in a Seed round led by Alpaca VC and Struck Capital.

There were significant deals with companies that look to match organisations with global and remote talent:

- [Austin Software](#), a startup that helps connect Latin American developers with US tech companies, [raised \\$13m in a Series A funding round](#) led by Greycroft.
- Hamburg-based [Localize](#), a relocation platform that helps facilitate global mobility for international employees, [announced a \\$35m Series B funding round](#) led by General Catalyst.
- [Remofirst](#), a platform that helps organisations with international hiring [raised \\$14.3m Seed round](#) led by Mouro Capital and QED Investors.
- [Atlas Technology Solutions](#), provider of human resource services to help organisations onboard and pay international employees, [raised \\$200m in a round from Sixth Street Partners and Guidepost Growth](#).

The world of American Higher Education is slowly becoming more accessible. Online university platform [Nexford University](#), which offers US-accredited bachelor programs to underserved countries like Nigeria, has [raised a Series A round of \\$8m](#) led by New Markets Venture Partners and Learn Capital.

The Global Impact Investing Network Investor Forum was held in the Hague just before the time of writing this document. It was notable for its focus on environmental issues, and a distinct lack of discussion of education and upskilling. A further blog post with reflections on the gathering will be available on the Tyton Partners website in the coming weeks – please register on our site for updates to be alerted to it and other information we send out.

Conclusion

The word “unprecedented” became common – perhaps over-used – during the time of COVID-19. However, the extraordinary combination of events and trends as we emerge from the pandemic deserves the same description, and this quarter has highlighted their complexity and urgency. Three years ago, few would have predicted that working patterns established more than a century would be undergoing dramatic change at the same time as a ground war on the European continent and an ever-increasing need to adapt our economies to safeguard the future of our planet. Vocational education and technologies to help it flourish are an essential ingredient in helping us all resolve the challenges we face: it can only be hoped that organisations, governments, and individuals understand its role. We will be watching!



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