

Market Insights & Trends report on
2020 Global HRTech Investments & Start-up Funding



Research by:

hrtech.sg
advisory | consulting | marketplace

Executive Summary

2020 has been a tough year. Organizations that have survived and thrived through the unfathomable effects of this pandemic have one thing in common: they are flexible, adaptive, and most importantly technology-driven.

2020 has truly been the year of Data & AI penetrating almost all sectors of the workforce. Companies are redesigning their workforce and structure rapidly by leveraging technology. And truly, HRTech seems to be at an inflection point, riding on the back of deep work tech transformation.

While traditionally HR teams have struggled to get budgets, 2020 saw a sudden surge in interest by companies of all sizes to leverage technology to support their remote HR teams, as companies were focused on increasing productivity with lower operating costs. We expect this trend to continue through 2021.



Executive Summary

In Nov 2020, hrtech.sg organised the "HR Megatrends for 2021: The Three Gamechangers" webinar to bring focus on the following aspects that will re-define the HR function in the coming days:

1. People Before Profits
2. Work-Life synergy
3. The rebirth of HR

To read more about the Three Megatrends for HR in 2021, click [HERE](#).

Looking at the impact of these megatrends, It is evident that technology will continue to be a key driver for the transformation of the HR function in 2021 and companies of all sizes will be pursuing Digital HR initiatives in an accelerated fashion.

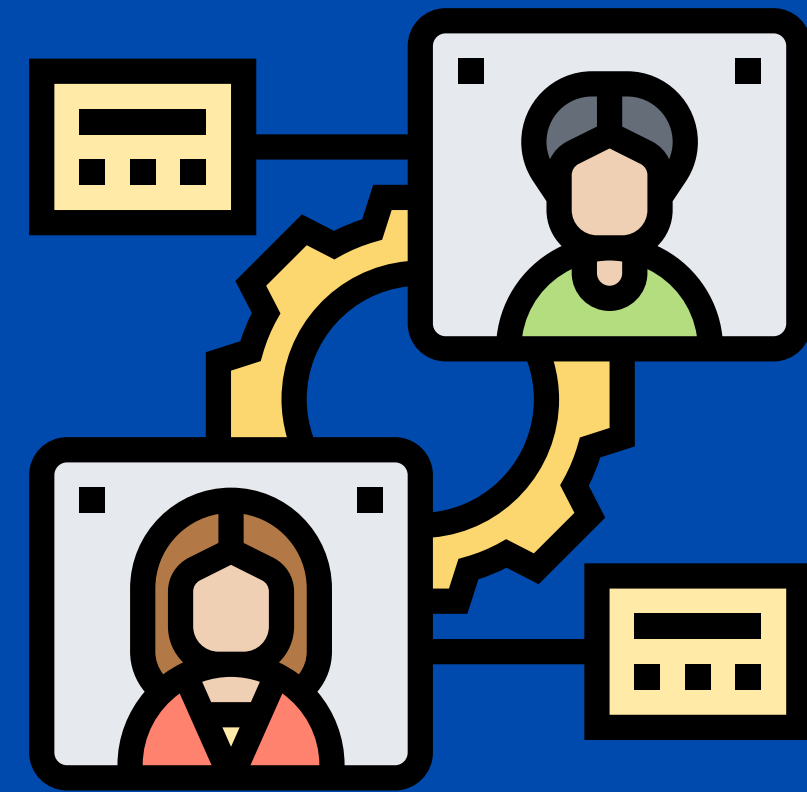


Executive Summary

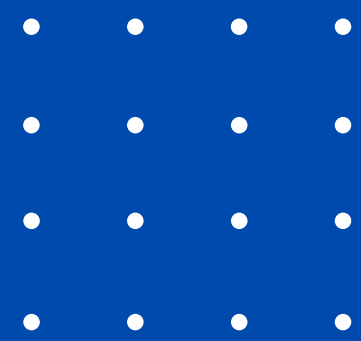
HRTech is transforming & revolutionizing the structure, process & functioning of not only the HR organization in particular, but the entire enterprise as a whole.

- An era of virtual, distributed, and hybrid workforce (comprising full-time, part-time, freelancers, and gig workers among others) is necessitating a fully-functional Human Resource Management System (HRMS) platform for enterprises of all sizes to ensure seamless HR Service Delivery.
- The virtual working regime has also challenged our traditional notions of skills development, thereby further widening the skills gap that needs to be bridged on a war footing.
- "Work from Anywhere Anytime" has also blurred the line between work and life, thereby accentuating the increased focus on employee well-being (and more specifically mental wellness).

Looking at the above aspects and simultaneously reviewing the deals in close quarters, we strongly foresee that **Talent Engagement (including Employee Wellness), Talent Development, and HRMS** to become trending categories over the next 2-3 years.



2020 HRTech Investments & Startup Funding Deals Snapshot



100+ deals

tracked

US\$1.6 bn

in investments

7

Categories*

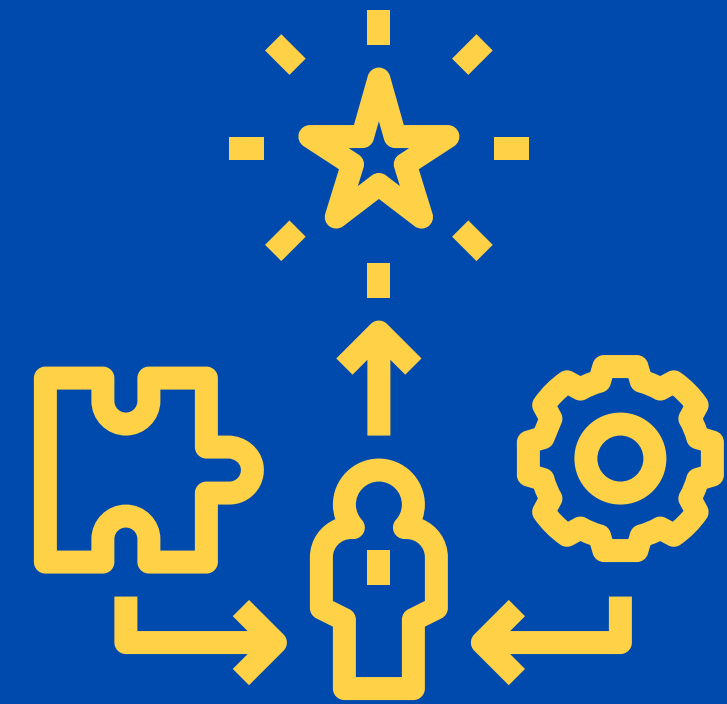
***Categories Tracked**

**Analytics | HRMS | Talent Acquisition | Talent Development | Talent Engagement |
Talent Operations | Talent Rewards |**

2020 HRTech Investments & Startup Funding

Key Insights

- **Talent Engagement" product providers continue to attract top dollars:** There is a growing importance on **employee experience** and hence enterprises are embarking on employee experience design and looking for products that help create a **consumer-grade user experience** for their employees. We expect this strong momentum to continue well into 2021 and beyond. (Ref: Fig 1.1, For more information on Employee Experience Design, click [HERE](#))
- **Talent Acquisition continues to garner attention & dollars:** Total number of deals in Talent Acquisition was higher than Talent Engagement, though the average deal size in the segment of the former was lower than that of the latter. (Ref Fig 1.1 & 1.2)
 - **Diversity & Inclusion, Video Assessments & Conversational Chatbots** are some key areas of investment within the "Talent Acquisition" segment.
 - In related research of **2020 HRTech M&A** deals, we see a strong consolidation happening with the TA segment which accounted for **57% of the total deals tracked**.



2020 HRTech Investments & Startup Funding

Key Insights

Talent Engagement is currently the most trending category. With the unexpected and sudden shift to remote work regimes, organizations are now finally focusing on the correlation between talent engagement and productivity. (Ref Fig 1.1 & 1.2)

Highlighting two areas of focus within the Talent Engagement segment for 2021 & beyond:

- **Performance Management Systems** are getting revamped in many organizations as enterprises struggle to measure productivity & performance in a remote environment. Hence we are seeing increased investment in solutions that support Objectives & Key Results (OKRs), KPIs, Continuous Feedback, and Employee Engagement Surveys.
- Despite **Mental Wellness** becoming a major talking point globally in 2020, the flow of investments has been slower than expected. But we expect this segment to attract significant investments in the next 2 - 3 years as business and HR leaders are realizing the importance of leveraging the latest technology to prioritize mental wellness.



2020 HRTech Investments & Startup Funding

Key Insights

- **Q4 was the most active period in 2020: Maximum** number of investments materialized in the fourth quarter of 2020 (Oct-Dec), clearly indicating that investors are in a pressing hurry after sensing a huge opportunity in the adoption of HR Technology by Enterprise HR Teams.
- **Early stage start-ups get attention:** Over 75% of the total amount was towards Seed Funding / Pre Series A / Series A rounds. This shows the optimism of the investors and the high-risk appetite, considering the potential upside. We expect this strong momentum to well continue into 2021. (Ref: Fig 1.3)



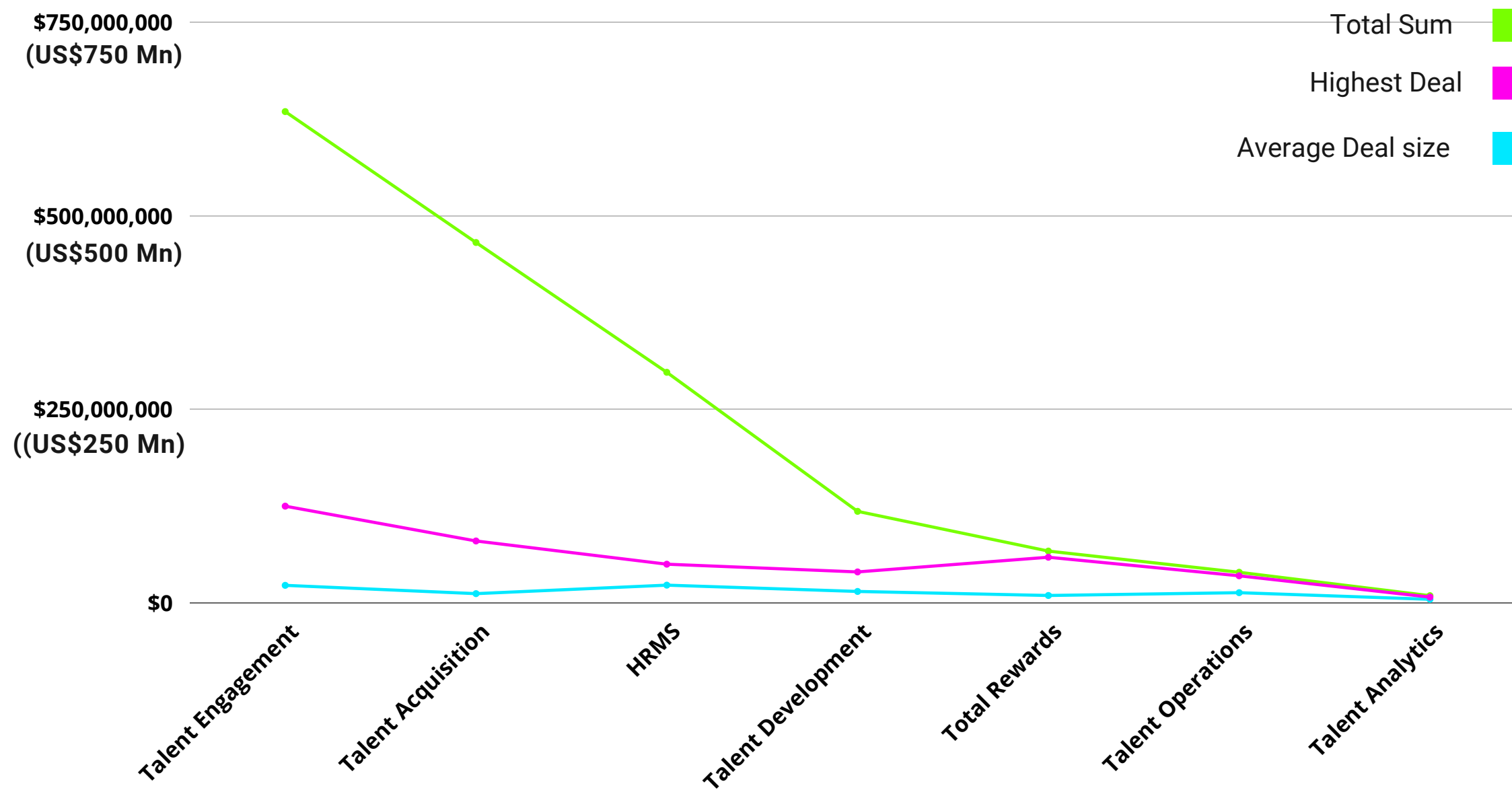
2020 HRTech Investments & Startup Funding

Top 3 deals

- **Eightfold.ai (US\$125 m, Series D):** The largest investment for the year at US\$125 mn was closed by **EIGHTFOLD.AI**, which aspires to become a single talent platform across the talent life-cycle and aims to build an intelligent talent platform to revolutionize the way talent is managed.
- **Handshake (US\$ 80m, Series D):** More than 1,000 colleges around the USA partner with Handshake to connect their students with accounts that include verified GPA, school year & course work. Students determine what they share with employers and who can reach out based on their career interests.
- **WorkJam (US\$ 50m, Series C):** This latest funding will allow WorkJam to continue to innovate, expand geographically, seek acquisitions, and invest in its mission to help businesses achieve breakthrough cost-savings and productivity increases while cultivating an engaged and motivated non-desk employee workforce.



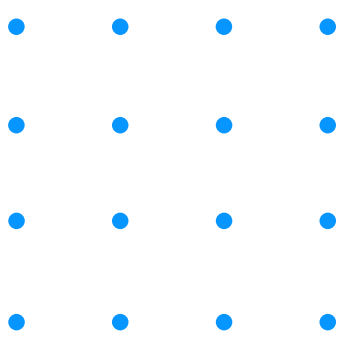
Appendix: 2020 HRTech Investments & Startup Funding Deals Summary (in terms of \$ invested)



- Talent Engagement segment garners the maximum funding \$.
- Total number of deals in Talent Acquisition was higher, however, the average deal size was lower than that of Talent Engagement.

Fig 1.1

Appendix: 2020 HRTech Investments & Startup Funding



Category-wise deals (in \$ invested)

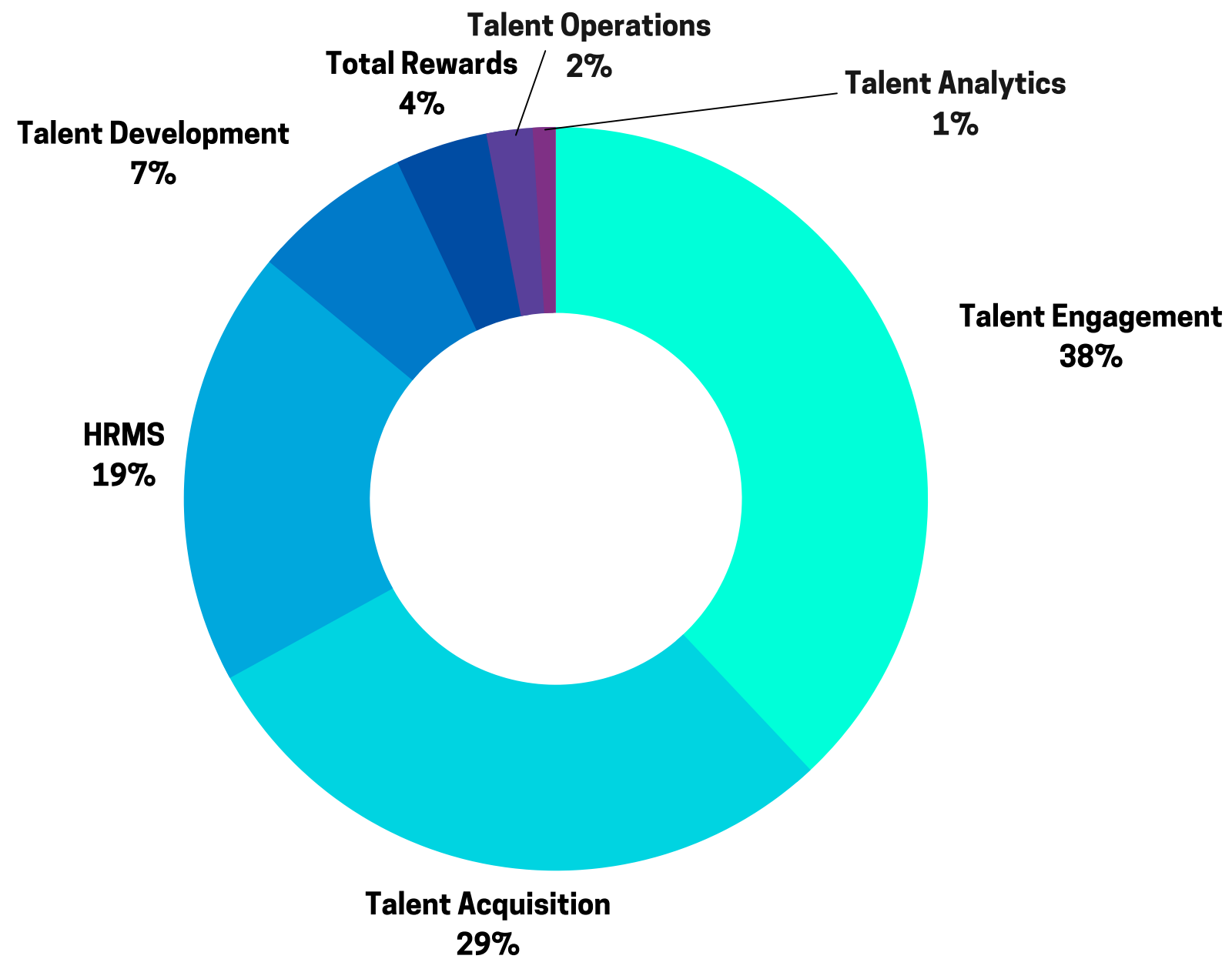


Fig1.2

Series-wise deals (in \$ invested)

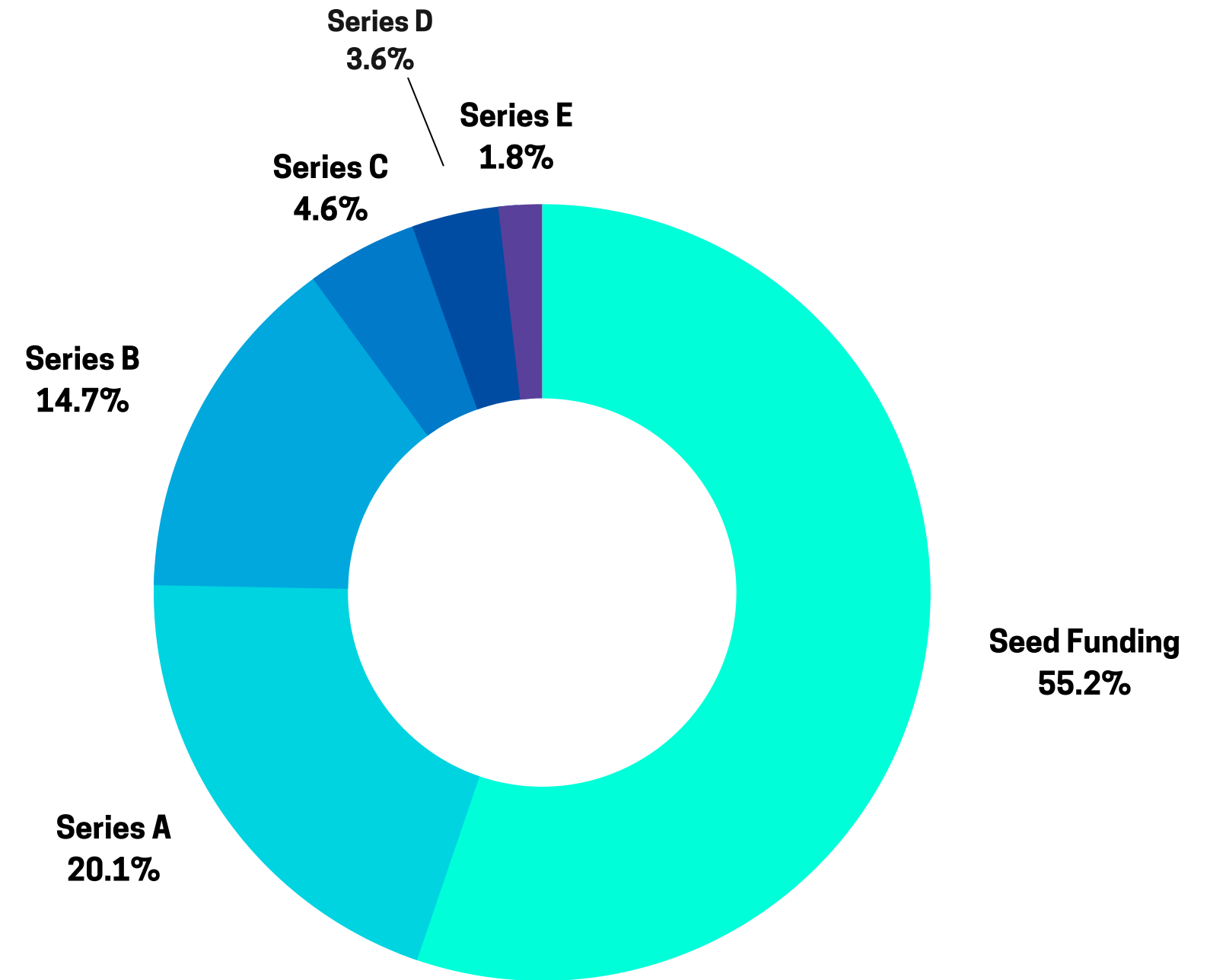
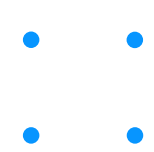


Fig 1.3



Appendix: 2020 HRTech Investments & Startup Funding

Region-wise Summary (by deals)

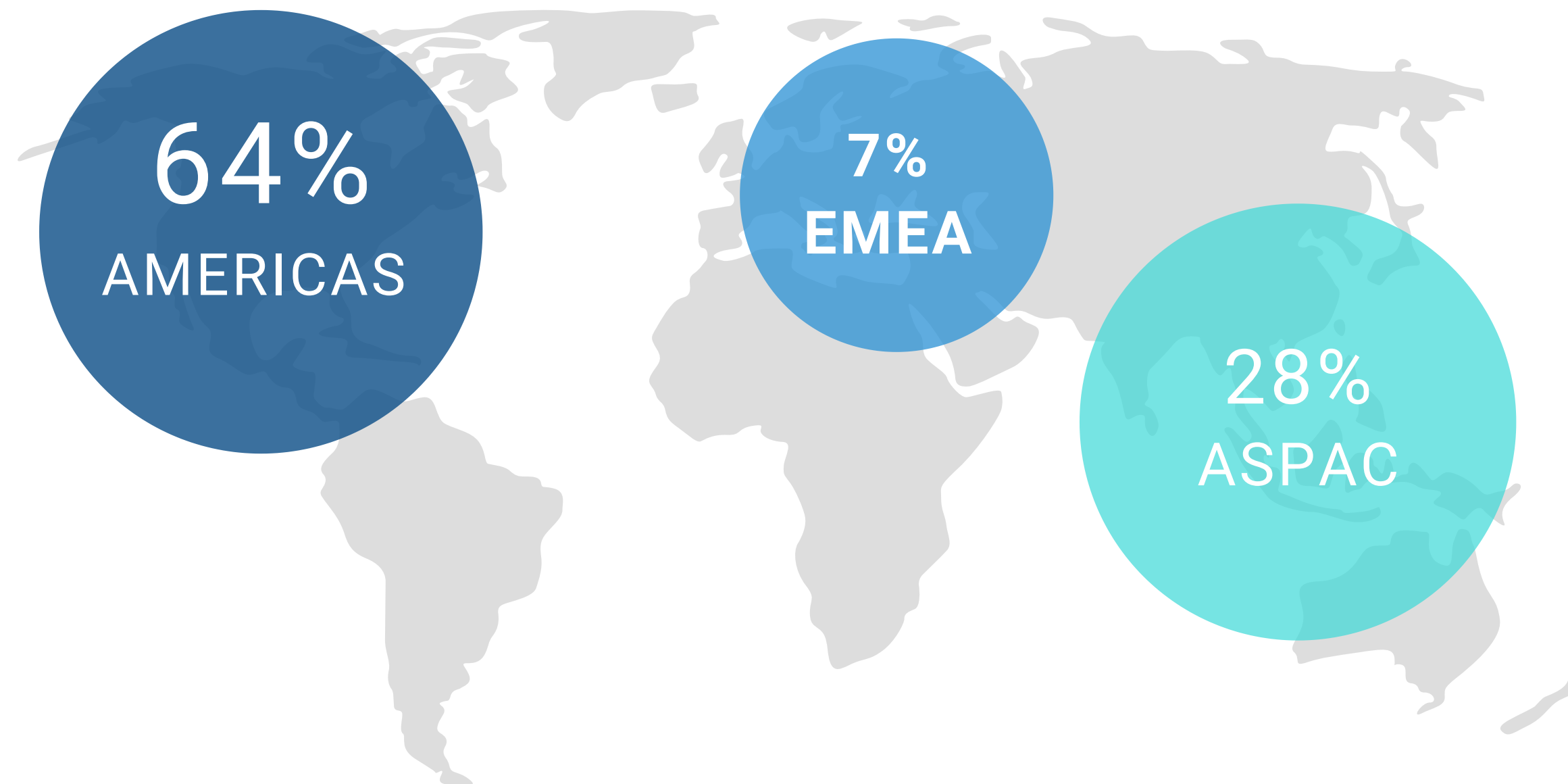
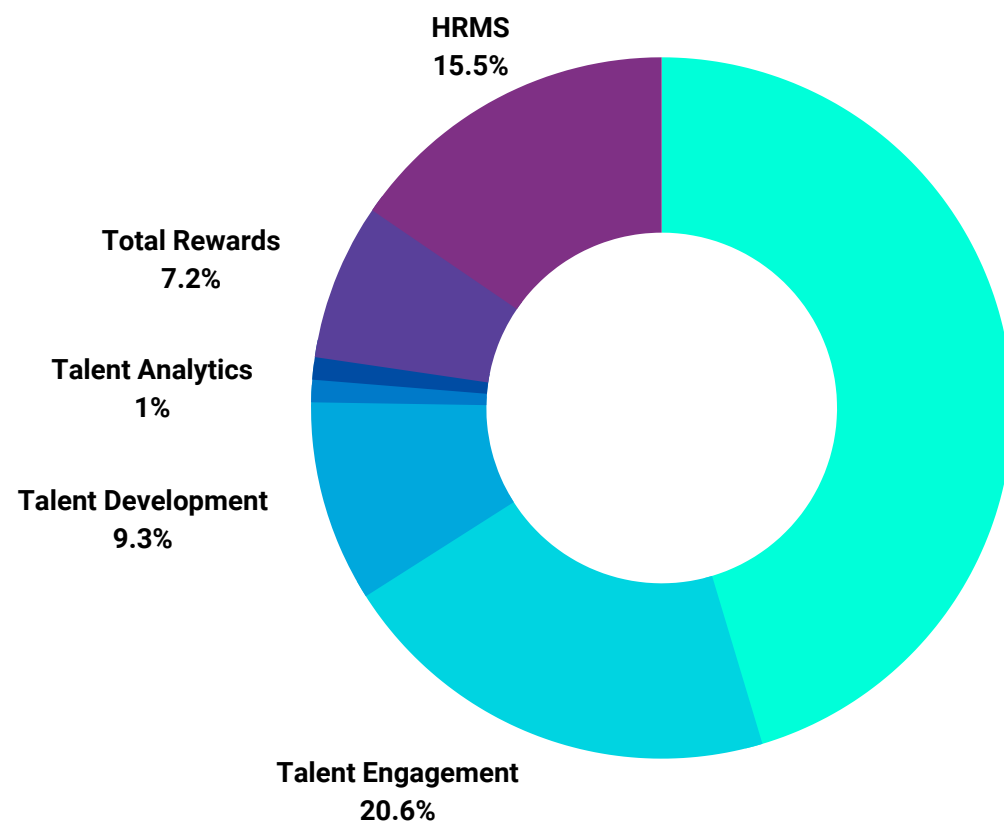
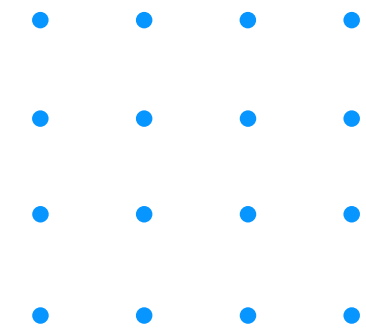


Fig 1.4

- While North American HRTech start-ups continue to draw top \$, as always, Asia Pacific is proving to be a hot market, with Indian start-ups leading the pack (both in terms of number of deals & \$ invested).
- Talent Acquisition, Talent Engagement & HRMS continue to be top focus areas in Asia Pacific.

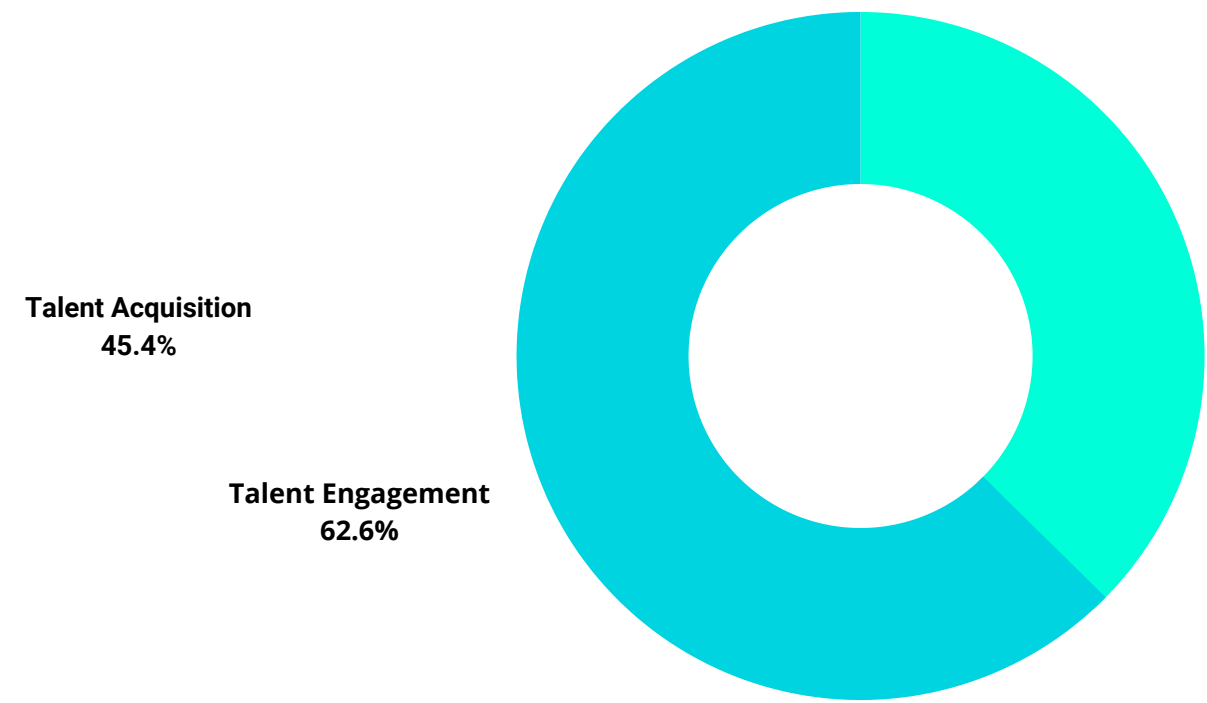
Appendix: 2020 HRTech Investments & Startup Funding

Region-wise Summary (by category)



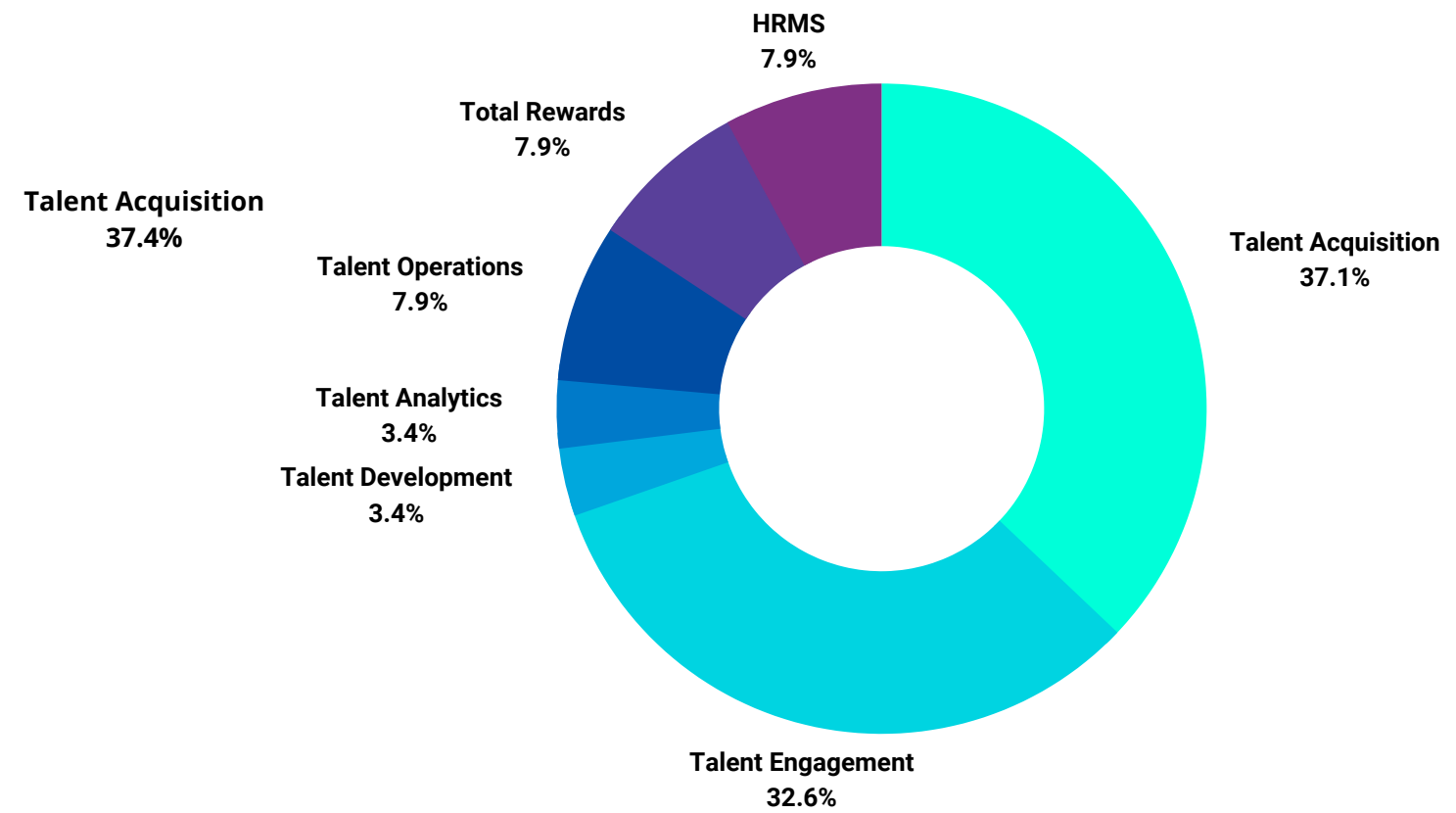
North America

Fig 1.5



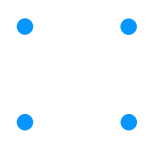
Europe

Fig 1.6



APAC & Middle East

Fig 1.7



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Market Report : 2020 HRTech M&A Deal Tracker



2020 Singapore HRTech Market Map



Infographic: Why Do HR Tech Implementations Fail



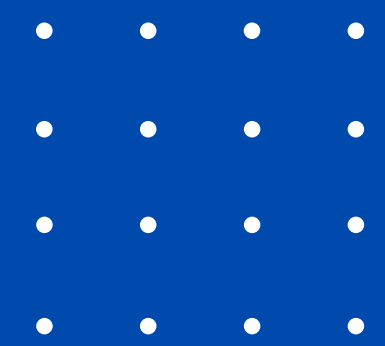
Infographic: 10 Golden rules for a successful HRTech Implementation

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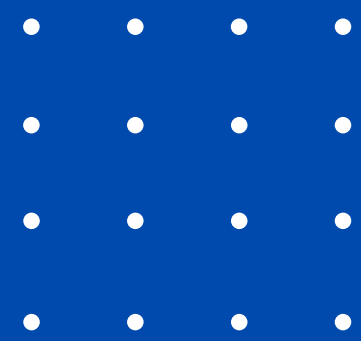


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