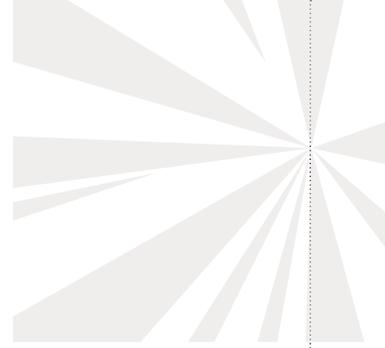




The Spotlight on HR Tech Startups

The Spotlight Program got reinvented this year – from an award ceremony to becoming a mentoring program – this year, the focus of the program was on identifying and recognizing HR technology start-ups in India to provide them with a platform and help them survive and succeed

By Amol Pawar



Looking back at the first issue of People Matters magazine this year, we explored the theme, ‘Is 2017 the year of HR Technology start-ups?’ While the figures revealed that the HR tech startups in India alone saw \$16 million funding in the year 2016, the total funding around the globe in such startups was USD 19.68 billion.

However, it is a fact that venturing into HR technology space comes with a wide variety of challenges. And while there are diverse products and technologies existing in the market, the core challenges for many organizations venturing into this space pertain to ascertaining the right product-market fit, creating a radical value proposition, differentiating from the competition, and letting HR decision makers know that you have what they need.

For the last four years, People Matters TechHR Conference has been providing a platform for young HR technology entrepreneurs to showcase their products. Until last year, the format was of competition where a few startups would win Spotlight Awards in various categories and were recognized. But, for a growing HR Tech industry and a thriving entrepreneurial setup, this lone platform was proving to be limited. Based on conversations with HR Tech entrepreneurs, investors and HR Industry leaders, this year the format was changed to ensure that a wider number of HR Technology startups got an opportunity to showcase their products to the HR community. This year, People Matters reinvented the TechHR Spotlight – from an award ceremony to a mentoring program, and aimed to identify and recognize HR technology start-ups in India and provide them with a platform that enabled them to get a wider recognition, and survive and succeed.

The Industry

HR Tech industry has been growing globally and within India. As per estimates, there are more than 5400 HR Tech companies globally and this number is close to 700 in India. Over the last 2-3 years, interest in HR Technology has been on the rise primarily due to the consumerization of digital technologies. Some big funding rounds like USD 150 million for Ceridian and USD 100 million for Snagajob in recent years have further increased interest in this space.

HR processes like recruitment, performance, training and payroll processing are some of the basic activities that organizations of all sizes need to perform in order to conduct their business. This is one of the reasons that many local and global players are jostling for this space.

One of the common challenges while analyzing HR tech industry is of categorization of the HR

Tech solutions as there is no demarcation when it comes to defining categories or sub-categories. While there are some universally accepted categories like HRMS, Recruitment, Performance, Learning and Benefits, many HR tech solutions either cross over into multiple categories or address a specific problem within a category. For the purposes of this feature, only the broad categories have been mentioned.

Spotlight 2017 - Applications

This year’s Spotlight Program attracted about 100 applications from a diverse range of HR Tech startups. More than 40 percent of the applications received were from recruitment related HR Tech startups, which is in line with global trend in HR Tech. The total estimated HR tech funding in 2015 - 16 was USD 5 billion, of which USD 3.5 billion (about 70 percent) was invested in recruitment related technologies alone; hence, it is no surprise that Indian HR tech entrepreneurs have also been looking to solve the problem of recruitment in innovative ways.

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The next big category at application-level has been Engagement. This category seems to have caught the attention of most entrepreneurs primarily due to the perceived lack of engagement at workplace globally. As mentioned in an article by Josh Bersin¹ published in 2015, we see 3 of the 4 categories of engagement related tools coming up in the Indian HR tech space. We expect the 4th category mentioned in this article, Open Suggestion Box and Anonymous social network tools to make an entry in the existing engagement solution space in India soon. With some analysts pegging the opportunity in engagement market alone at USD 74 billion, we expect interest and investment in this category to grow in future.

Both these data indicate that Indian HR tech companies and entrepreneurs are following the global trends and most HR technology innovation happening in the global market is quickly picked up by the Indian HR technology startups. However, we also see local innovation based on Indian market realities coming into picture and in fact some of those innovative and category creating solutions finding their way into the final list of 27 Spotlight showcase companies.



THE 27 STARTUPS IN THE SPOTLIGHT

BRAND NAME	CATEGORY	DESCRIPTION
ChatChit by Voxta	▶▶ Assessment	ChatChit AI mobile platform for spoken & written English assessments, & training. Hire faster & cheaper! Train teams to communicate!
Crossbow	▶▶ Background Verification	Crossbow is a Disruptive Technology Solutions Provider, using Digital Innovations & AI, enabling you to better engage with your customers.
PayReview	▶▶ Compensation & Benefits	A digital on cloud solution for deciding salaries at critical touch points like hiring, salary increments, incentives, retention etc.
Storechq	▶▶ Compensation & Benefits	The new, easy and preferred way to reward our employees, customers & business partners.
FeetApart	▶▶ Compensation & Benefits	FeetApart is a social and gamified employee engagement and wellbeing solution.
Seek	▶▶ Engagement	SEEK, demonstrates behavioral change, builds skill & increases employee engagement for a high performance organizational culture
Zenseek	▶▶ Engagement	A gym for the mind & behavioral analytics tool - Mood, anti-stress, antianxiety. Mapping mindsets, Driving mind-fitness.
Happyness Quotient™	▶▶ Engagement	An innovative, patent-pending People Management Tool that provides a real-time indication of the level of happiness across your organization.
Tweedl	▶▶ Engagement	Tweedl offers a white-label SAAS mobile app to help organizations measure and improve their employee engagement.
inFeedo	▶▶ Engagement	Meet Amber... she is our smart A.I. chatbot who can talk to your employees and proactively find those who are unhappy or most likely to leave.
Hyphen	▶▶ Engagement	Hyphen is an employee listening & engagement solution that helps companies get a pulse of their people in real-time.
Leena AI	▶▶ Engagement	Leena is an intelligent ML & AI enabled virtual Human Resource Chatbot Our mantra - "Empower, Engage & Inspire People through conversation."
Pepal	▶▶ Engagement	Pepal is the intelligent social HR platform for small and medium businesses. This platform enables companies to engage and manage their human resource in more efficient manner.
LitmusWorld	▶▶ Engagement	An 'Always On' employee engagement company offering solutions to create structured conversations with employees across their lifecycle.
Sleave	▶▶ Learning	Sleave's mission is to facilitate creation of innovative and engaging learning that run seamlessly on all devices.
Oust	▶▶ Learning	Gamified mobile micro-learning for enterprises with a large distributed workforce that is customizable, personalized and in a local language.
Tydy	▶▶ Onboarding	Tydy combines software, machine intelligence & content solutions to engage, educate & retain employees at businesses like yours.
Quikchex	▶▶ Payroll	Quikchex is a cloud-driven, HR platform that automates and streamlines HR processes like attendance, leave, payroll, expenses, benefits and compliance.
Karma Notes	▶▶ Performance	A revolutionary performance enhancement tool that enables instant anytime feedback and feed-forward for your employees.
Synergita	▶▶ Performance	Synergita, a cloud based, complete Employee Performance Management, Development & Engagement Software.
Param.ai	▶▶ Recruitment	Param is a India based SaaS company that applies the latest technologies in AI and data science to help companies Discover, Match, Engage and Retarget potential candidates at scale.
Recruber	▶▶ Recruitment	An intelligent sourcing solution that works across multiple channels and automatically profiles candidates to return the best match fastest.
hiringplug™	▶▶ Recruitment	hiringplug is a curated marketplace of recruiters that enables employers to hire quality talent faster.
eTeki	▶▶ Recruitment	A technical interviews-as-a-service company helps recruiters & hiring managers separate contenders from pretenders for IT job openings.
Scriptifi	▶▶ Recruitment	Leverage the Human Intelligence of our Recruitment Experts & Machine Intelligence of our Algos to redefine Speed, Quality & Cost of Hiring!
Shortlist	▶▶ Recruitment	Shortlist is a tech platform that manages top-of-funnel screening for a variety of junior/ mid-level white collar roles — beyond just the CV.
Autogram	▶▶ Recruitment	Autogram is an Audio/Visual Recruitment Platform for the smartphone where Candidates can SHOW and TELL how good they are.

The Process

With a conspicuous objective to showcase the most relevant HR technology startups to the community during the TechHR event, every application was thoroughly researched, the applicants were spoken to to understand their business models and the specific problems their solutions addressed — all was done to ensure that what was finally presented during the event added value to all parties involved. All applicants had to explain how technology was central to their offering and the focus was on startups that had strong technology foundation.

With more than 50 percent companies in recruitment and engagement categories, we saw a clear reflection of the overall application level trends in the final list. It is noteworthy that traditional and established categories like payroll, assessment and compensation are also being challenged and attacked by innovative HR tech entrepreneurs to solve specific problems. We also saw interest in new categories like compensation solutions which is indicative of the space for functional innovation in the HR tech space.

Many startups also talked about the use of latest technology tools like Speech Recognition, Artificial Intelligence, Machine Learning, Chatbots among others to help create unique solutions. Most startups also seem to focus on user experience and some are even talked about a mobile-first environment.

The Trends

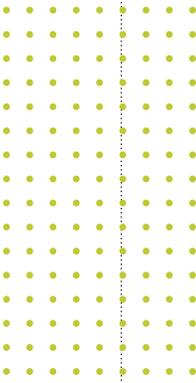
A look at the profile of entrepreneurs of the Spotlight startups and you would see a wide variety of experience and educational backgrounds. While 40 percent of the startup founders were from engineering background, close to 20 percent also had qualifications and prior experience in HR. 10

out of 27 entrepreneurs had Ivy League education credentials from India and abroad including IIM, IIT, Wharton, Yale and Carnegie Mellon amongst others.

The entrepreneurial bug seems to have bitten individuals from all experience categories with almost equal distribution of entrepreneurs with less than 5 years of experience, up to 10 years of experience and more than 10 years of experience range. There were about 5 serial entrepreneurs who seemed to have now taken interest in HR Tech thus indicating the wide ranging appeal this space has for entrepreneurs.

Many entrepreneurs have worked with large organizations like Google, Motorola, BBC, AOL, Reliance, Infosys and TCS amongst others. This diverse mix of entrepreneurial activity in HR Tech space augurs well for the ecosystem and it is nice to see HR professionals are joining to solve challenges in this space while still dominated by non HR professionals. Roughly, about 40 percent of the Spotlight startups are bootstrapped. A couple of startups have been in operation for 4 to 7 years. This means that the startups are willing and able to fund themselves and generate the funds from their business revenues itself. The average age of the bootstrapped startup

While many startups use latest technology tools like Speech Recognition, Artificial Intelligence, Machine Learning, Chatbots to help create unique solutions; many are also focusing on user experience





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is 1.5 years; and this is an important lesson for any entrepreneur in general and a tech entrepreneur in particular. If you are planning to enter the HR Tech space, be ready to fund your startup for a minimum period of 2 years or till you get to critical customer base. This is further confirmed when we look at 60 percent of the startups who have raised capital. The average age of these startups is 2 years, indicating that one should consider a period of 2 years before one is able to raise funding.

About 20 percent of these startups are doing business with more than 20 customers. The average age of these startups is about 3 years. This indicates that most HR tech startups would need up to 3 years to acquire critical mass of customers. Considering HR tech is a crowded space, this is expected. Many HR

tech companies and especially startups will have to be prepared for longer sales cycles and skepticism from their HR buyers. Positioning and communicating product benefits clearly are hence crucial aspects for most HR tech startups.

The Startups speak

Most startups chose to participate in the Spotlight program to get exposure to HR decision makers, other HR tech entrepreneurs, Investors and mentors. Some startups were also focused on gathering feedback about their product during the event, while some were focused on getting some leads.

Many of them were also looking at acquiring critical mass of customers over next 12 months while focusing on sales and marketing related challenges. And while some were hoping to get a few pilot customers, some were also looking to scale quickly in next 12 months to get over 100 new customers. Most such projections indicated the awareness of product maturity and specific customer challenges they were solving.

Many startups also cited long sales cycles and the time it takes to convince HR buyers to try new technology tools as the key challenge they wish to overcome over next 12 months. This is quite telling of the task at hand for these entrepreneurs.

Many startups showed keenness and awareness of other HR Tech vendors with whom they are actively looking to partner and would prefer to approach customers together. This again shows the global trend where startups create point solutions, which then get integrated with existing category solutions. While some were looking for some specific tie-ups, some others were focused on building integrations to allow for a larger playing field.

All in all, the startups and their solutions seemed to be on the right track. Just like any other product, many of these startups will have to ensure their positioning and branding is sharp to ensure they are heard, seen and noticed in the crowded HR tech marketplace.

Mentors Speak

The Spotlight Program partner was The HR Fund, India's first HR focused private investment

PEOPLE MATTERS SPOTLIGHT PROGRAM FROM HR TECH START-UP MENTORS

Investors, HR Practitioners, and Entrepreneurs who were a part of Spotlight at People Matters TechHR 2017



Anand Vemudi



Anuranjita Kumar



Bhavna Agarwal



Dev Khare



Gagan Adlakha



Indrajit Chatterjee



Joyeeta Chatterjee



Karan Mohla



Prabhakar Lingareddy



Prasant Srivastava



Rahul Khanna



Rahul Malhotra

company set up in 2011. With portfolio companies like PeopleStrong, Knolskape, Sheroes and PiQube, they have recently started a 6 month mentorship program for HR startups in India with an aim to provide functional and strategic mentorship from senior HR professionals.

Utkarsh Joshi, Partner at HR Fund, mentioned that “I like the energy, and the buzz is awesome. It’s great to see predominantly young non-HR entrepreneurs, solving HR problems using technology. We seem to be at an inflection point, and the focus is now shifting from talent acquisition to talent engagement.” He also highlighted the fact that while they are open for investing in non-tech HR startups, almost 90 percent of the deal flow is HR tech startups. This clearly indicates that the focus on using technology to solve and scale HR challenges is very high in the entrepreneurial ecosystem. When asked about his opinion about point solutions he said, “I feel point solutions are good as they can plug into a larger solution.”

The mentors evaluated the elevator pitches on the following parameters:

- Discovering product fit
- Understanding the buyer
- Vision & Strategy
- Pricing & go-to market
- Fund raising
- Building a solid team

Each startup then received diverse perspectives from a group of HR professionals, Investors and other entrepreneurs to help them reflect on their solutions, their approach to the market and also validated their thoughts and ideas.

Some of the advice that mentors had to offer to these startup entrepreneurs hinged on the following:

- Talking to customers about benefits beyond cost
- Seeking feedback from customers about the idea; re-clarifying the problem being solved based on the feedback
- Listening to customers
- Pricing is a fine balance between the value the customer is willing to pay and the cost below which the entrepreneur is not willing to sell
- Are you creating a platform or an ecosystem?



22 mentors and 27 entrepreneurs came together for 2 days to give HR tech industry in India a memorable event

In Conclusion

22 mentors and 27 entrepreneurs came together for 2 days to give HR tech industry in India a memorable event. The fact that these entrepreneurs were positioned at the entrance of the conference ensured they were seen and heard by everyone who visited the conference.

The Tech HR ecosystem in India is following its global counterparts very closely. With recent success stories of Cocubes and Peoplestrong, one is convinced that the action in this space is only going to increase.

The Tech HR industry in India is surely coming of age and we are all very excited at the possibilities it will create for entrepreneurs, HR professionals and investors in the near future. 

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