

# CAPITAL CALL

by

*Nimesh Kampani*



## **The Great Resignation & The Rise in HR Tech**

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If there is one thing that the Coronavirus pandemic has established among the global workforce, it is a gigantic change in priorities. The age of romanticisation of hustle and burnout is over: the Great Resignation writes testimonial to that. A term coined by academician Anthony Klotz of Texas A&M University, it refers to the global phenomenon of large numbers of people leaving their jobs after the pandemic.

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***A recent Gartner survey found 85% of employees experiencing more burnout than ever before, and 40% unable to maintain a work-life balance since the pandemic began and work-from-home became the norm.***

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I guess the Great Resignation should not come as a surprise.

The attrition rate in India's tech sector is reportedly at an all-time high: 23%, which is more than a million employees, according to research by hiring firm Team Lease. But as they say, when one door closes, another opens, and this time, HR Tech is the one holding that door open. Here's why.



## A new world

The lockdown has made many of us rediscover healthy living (hello better sleep!) and leisure time which would otherwise be spent in traffic just to get to the office. Quite a few people even found their true passion – from cooking to travelling – and have moved out from metro cities to their hometowns. A sense of autonomy has grown, and I have seen quite a few highly-skilled workers voluntarily moving to lesser pay for lesser hours.

However, in the middle of the third wave of COVID-19 pandemic, employers are desperate to keep up the morale of their teams. If balancing personal and professional lives was a struggle earlier, the lockdown life has practically turned it into a battle.

Stress is on empathy, not just efficiency. Motivation and management are pivotal in getting people to be productive in this new world. There are encouraging signs from Indian startups:

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***Inmobi now gives auto-approved no-questions-asked leave, Licious removed the cap of sick leave, Souled Store offers bereavement leave even for pet deaths, and Meesho allows 30-week gender-neutral parental leave, and even week-long leave for new pet parents.***

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But would this be enough to keep up with the changing times?

## **The Great Reshuffle & The War For Talent**

In a way, the Great Resignation has led to the Great Reshuffle. A study by Mint and the Centre for Policy Research (CPR) last year had found that 24% of post-millennials and 17% pre-millennials were fired since the pandemic began. However, towards the end of 2021, only eight percent of those in the job market still remained unemployed. It looks like the 'Reshuffle' has made workers choose different industries too. Another study, conducted by Amazon India in September 2021, said that nearly 51% of job-seekers wanted to move to an entirely different industry than the one they are experienced in.

It seems like workers do not hesitate to move to companies that offer more stability and validation. According to Microsoft's 2021 Work Trend Index, 62% of India's workforce intended to leave/switch their jobs – compared to the global average of 41%. In the case of knowledge workers, who are always in high demand, skill shortage is offering them the luxury of choice too.

Not to forget, there is a rising number of techies moonlighting in multiple full-time jobs: where there is demand, there will be supply apparently. Not only is such two-timing illegal, but also puts both companies' intellectual property and other confidential information at risk. The talent shortage caused by Great Resignation has led many employers to move these moonlighters from full-time positions to contractual positions (which allows the latter more freedom) rather than fire them. I am sure that advanced technical innovations can help employers find a way to deal with these moonlighters-turned-gigworkers.

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***On the other hand, there is a silver lining for work-from-home, which will be the norm for the near future. It expands the talent-pool like never before! If most of your team is working from home, you can hire across regions, irrespective of distance, economic conditions, (dis)abilities, etc.***

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After all, inclusivity is not just an option anymore; many youngsters are actively choosing their potential employers after checking out the company's D&I (Diversity and Inclusivity) initiatives.

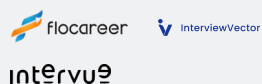
# The many faces of HR Tech

HR tech began its journey more than a decade back with global platforms like monster and our very own homegrown Naukri. Today, HR tech entrepreneurs are exploring many areas of the blue ocean where hitherto no innovation had been done.



## Major startups in Indian HR Tech Space

### Interview-as-a-service



### Gig workers



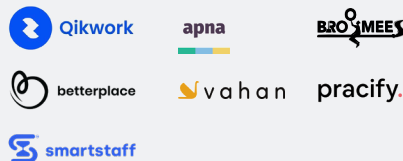
### Payroll management



### Special Services



### Blue collar workforce recruitment



### Workforce/Talent Management & Employee Engagement



### Recruitment Services



The term VUCA – Volatile, Uncertain, Complex, Ambiguous – has never fitted the workforce environment more than it does now. It is impossible to underestimate the relevance of HR Tech in such a situation. By automating paperwork, compliance, payroll, etc. it can free up the time for HR managers – which would otherwise be spent in daily operations – to build more employee engagement programmes. Additionally it can detect work patterns, employee behaviour, and performance differentiation – which is paramount to maintaining meritocracy.

When it comes to recruitment, HR Tech provides artificial intelligence which can source, assess, and onboard new employees. It can provide insights on your applicants from a variety of sources – including their social media activity. AI can even analyse a potential hire's sentences, facial expressions, to see if they will fit in. (Yes, this may seem a bit invasive, but this has been proven effective in reducing discrimination and creating an inclusive team.)

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***Additionally, firing and hiring can be replaced with reskilling/upskilling the existing employees, which will be kinder on the HR budget too. Internal talent marketplaces can enable HR to find job candidates internally, and employees who wish a change in role can also thus fulfil their aspirations. US-based HR tech startups Gloat (which has \$92 million in funding) and Fuel50 (which has raised \$29 million) have won millions of users by providing this service.***

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In a shift-driven or hourly environment, HR Tech can also bring automation to enhance scheduling, with real-time insight into schedules and open shifts. Enabling employees to see their schedule from their mobile device and automatically pick up or swap shifts gives employees control of their schedule and takes a large administrative burden off HR, vis-à-vis blue collar workforce in particular.

Understanding each individual employee's ambitions and concerns is relevant today more than ever: employee pulse surveys enabled by HR Tech platforms can get you the general sentiment among your workforce. Also, employee engagement is now the key to holding your team together and taking your organisation forward.

Maslow's Hierarchy of Needs is obsolete now: mental health is in focus, and tech can help here as well. Employee Assistance Programmes can take the initiative to provide access to mental health professionals confidentially. Very soon will come a time when organisations' value propositions will include DEIB (Diversity, Equity, Inclusivity, Belonging) and work-life balance.



## Funding HR Tech

Global HR Tech market was worth \$34 billion in 2021, according to a report by Gurgaon-based employee experience platform Zimyo.

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***The demand for newer innovations in HR Tech is growing, with even small and medium businesses now ingraining tech solutions for their HR needs. Keep in mind that gig workers are also growing in numbers (thanks to the pandemic) and digitising functions beyond payroll is unavoidable even for SMBs. The scope for Indian startups in this space is wide - especially in Middle Eastern and South East Asian countries' culturally similar markets.***

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Unicorns like Darwinbox and Eightfold as well as startups like Sense Talent, FloCareer, Refyne, Apna, and SmartStaff, are already making the best out of this situation. Their business models also vary: Darwinbox provides end-to-end HR management while Eightfold focuses on recruitment and retention. Sense Talent provides AI-based talent engagement and communication. FloCareer is a skills validation platform, Refyne provides earned wage access, and Apna focuses on recruitment for blue/grey collar workforce. SmartStaff offers features like building workforce, managing workforce, assigning shifts, track time, attendance, automated payroll etc. focusing on logistics and manufacturing industries.

The sector is yet to see more innovations – for instance, in cyber security. As per 'Phishing Insights 2021' by UK-based software security firm Sophos, 83% of IT teams in Indian organisations stated that the amount of phishing emails targeting employees has increased since the beginning of the pandemic; no doubt HR heads will be keen to ensure cybersecurity for their employees.



Even metaverse is expected to impact HR processes like employee onboarding and engagement in the work-from-home era. In fact, Wurkr – a London-based startup that has built a virtual workspace management platform powered by SaaS – has already become a trendsetter. The firm, which was founded in 2018, already boasts of more than 1500 clients across 65 countries. With a scalable model, steady revenue stream, and sustainable unit economics, HR Tech is a relatively low-risk sector, and has already caught the eye of the investor.

## Most funded startups in Indian HR-Tech

Startup	Latest round of funding	Valuation at latest round of funding	Total fund raise (approx.)
 eightfold.ai	Series E+	\$2 B	\$ 400 M
 apna	Series C	\$1.1 B	\$194 M
 darwinbox	Series D	\$1 B	\$110 M
 Refyne	Series B	undisclosed	\$102 M
 sense	Series C	\$500 M+	\$40 M
 betterplace	Series C	undisclosed	\$38 M
 TALVIEW	Series B	undisclosed	\$21.8 M

Data Courtesy: VCC Edge

In India, more than \$200 million were raised by HR Tech startups between January and August 2021. Bangalore-based Darwinbox became India's fourth unicorn of 2022 with their fundraise of \$72 million in January. Even Europe's first unicorn of this year belongs to HR Tech – Payfit, a payroll software developer. Remember a time when every investor wanted to invest in e-commerce? It looks like HR Tech is the new e-commerce.

# The Magic of ESOPs

Having written in detail about the factors that can assist HR managers with employee satisfaction and retention, I cannot avoid mentioning what is probably the most effective tool in this regard: ESOPs (Employee Stock Option Plans). In the case of competitive labour markets like India, especially, ESOPs can be highly beneficial: it beats even better compensation, because there is always someone who can make a better offer in that regard.

LinkedIn co-founder Peter Thiel has said that employees who don't have ESOPs are fundamentally misaligned with the organisation; I dare say, I agree. ESOPs are about sharing the risk and rewards with the best individuals in your team. We at trica have developed the best possible medium to manage your equity. In fact, trica Equity simplifies equity management by making it transparent, going paperless, and removing the manual processes. We have helped more than 500 startup-clients with ESOP management, assisting in creating wealth for their employees. True wealth generation, after all, is the best 'benefit' you can give your team. We may not be able to escape the trauma that is this pandemic; but we can surely make sure that our success will bring up the people who worked for it too.




**Nimesh Kampani**  
Co-founder and CEO, trica

Nimesh Kampani is the co-founder & CEO of trica, a unified technology solution for equity management and transactions. He is an alumnus of Harvard Business School and a Chartered Accountant with more than 18 years of experience in banking and financial services. Prior to beginning the journey at trica, Nimesh led the Investor Relations function at Kotak Mahindra Bank, and was part of the strategy team that planned new initiatives, alliances, partnerships and inorganic opportunities for Kotak Group. He also co-founded Svasti Microfinance in Mumbai, with which he was associated for a couple of years. Earlier, he has worked with ICICI Bank in their Finance department. Nimesh believes that strong and accomplished leaders do not create followers — they create more leaders. Now an investor, entrepreneur, and mentor, Nimesh has been recognised in the list of top 40 angel investors in India. He has invested in more than 50 startups. An avid reader and coin collector, Nimesh is always in pursuit of new cuisines and fine wines, and is a self-confessed coffeeholic. Outside work, his favourite thing to do is spending time with his family and socialising with people he finds inspiring.




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trica's investors include Accel, Lighthouse Canton, Secocha Ventures and marquee angels and family offices.

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