



# Market Research - HR/Freelance sector

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# Overview

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- HR tech companies offer powerful software tools to address some of businesses' most aggravating problems: compliance, payroll, benefits, recruiting, and talent management.
- Companies are rapidly changing the way they manage their human capital. And these changes have spurred significant investment into the broadening market of HR tech, which has taken in over \$2.3B in private investment funding since 2009.
- HR tech investment is booming. In 2015, HR tech saw \$2.4B in funding across 383 deals.
- Outside of the \$100M+ mega-rounds to companies including OneSource Virtual, and FXiaoKe there have been a flurry of investments into startups addressing pain points ranging from staffing, recruiting, to employee benefits and more.

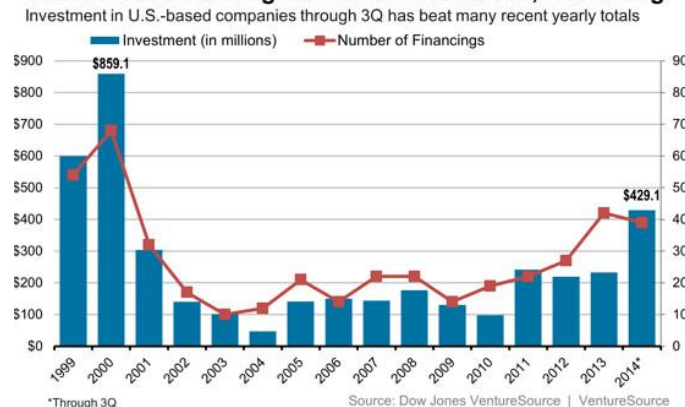
# Key trends

The top startups in HR Tech make products that span one or more of these three subcategories: operations management, recruiting, and talent management

- **Operations management:** Companies like Zenefits provide services that allow business owners to automate payroll, compliance, benefits, and insurance processes.
- **Talent management:** Companies like Namely, HireVue, and People Matter offer companies digital tools to monitor employee progress, provide real-time feedback, and increase the effectiveness of the review process.
- **Recruiting:** Companies like Glassdoor, Greenhouse, and Jobvite help companies source and narrow down candidates by providing centralized candidate databases, lines of communication to potential candidates, candidate relationship-management software, online screening services, and automated

Surging funding from VCs in Human resourcing and recruiting start-ups

## VCs Increase Funding for Human Resources, Recruiting



# The Most Active VCs In HR Tech And Their Investments In One Infographic

<p>ANDREESSEN HOROWITZ</p>	<p>1</p>	
<p>500</p>	<p>1</p>	<p>Service Partner ONE, Capabiliti, Allay, Traction, Glints Intern, WUZZUF, IdeaLists, PayrollHero, HireArt, Emprego Ligado</p>
<p>New Enterprise Associates</p>	<p>3</p>	<p>Upwork Global, Elance, Hired, Lytmus, Folloze, Spare5, GuideSpark, Paysa, LearnUp, MOVE Guides</p>
<p>khosla ventures</p>	<p>4</p>	<p>Zenefits, Teleborder, Pymetrics, Theatro, Simpler, Babajob Services, tenXer, HackerRank, Evolv</p>
<p>SVAngel</p>	<p>5</p>	<p>Zenefits, Workpop, WayUp, Lever, Ambition Solutions, Interviewed, Simpler, AnyPerk</p>
<p>East Ventures</p>	<p>5</p>	<p>SmartHR, Medley, Talenta, Teleborder, LiB, Glints Intern, Techouse, Leading Mark</p>
<p>Kapor</p>	<p>7</p>	<p>Jopwell, Unitive, Shift Messenger, WorkAmerica, WePow, BeneStream, Tioki</p>

## Some key VC investors

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- In the past year, Andreessen Horowitz has made various early-stage HR tech bets including investments in HR analytics company Reflektive and recruitment software Jopwell. Additionally, they have placed a big bet (reportedly their largest single investment) on Zenefits. Andreessen Horowitz participated in a \$500M mega-round to Zenefits in May 2015.
- 500 Startups is tied in first place as the most active HR tech investor since 2011. They have recently placed bets in office management software Service Partner ONE and HR management platform Allay, among several other companies.
- The third- and fourth-most active HR tech VC investors were New Enterprise Associates and Khosla Ventures. NEA has made investments in freelance marketplace Elance, which merged with Odesk to create parent company Upwork Global. Following the merger, NEA invested in a \$30M round to Upwork in November 2014. Khosla, which ranks fourth on our list, is invested in recruiting software startup Pymetrics, among other companies.

# Glassdoor



## Overview

- Glassdoor launched its company ratings site in June 2008, as a site that “collects company reviews and real salaries from employees of large companies and displays them anonymously for all members to see.
- Each year Glassdoor ranks overall company ratings to determine its annual Employees’ Choice Awards, also known as the Best Places to Work Awards.
- Headquartered in Mill Valley, California and was founded by Robert Hohman, Rich Barton and Tim Besse in 2007.

## Funding

- In 2015 the company raised an additional \$70 million, in an investment round led by Google Capital, giving the company a valuation of just short of \$1 billion.
- The total of investment at this point was \$160 million.
- In 2016 Glassdoor raised an additional \$40 million from investors.

## Value proposition

- **Huge database:** Glassdoor holds a growing database of more than 8 million company reviews, CEO approval ratings, salary reports, interview reviews and questions. Unlike other jobs sites, all of this information is entirely shared by those who know a company best – the employees. Add to that millions of the latest jobs – no other site allows you to see which employers are hiring, what it’s really like to work or interview there according to employees, and how much you could earn.
- **Accessibility:** Glassdoor is also available via its mobile app on iOS and Android platforms.
- Help more than 2,000 clients and partners promote their employer brand to candidates researching them and advertise their jobs to ideal candidates
- For employers, Glassdoor offers effective recruiting and employer branding solutions via Glassdoor for Employers.

## Business Model

- Most of its revenue comes from selling job ads and analytics to monitor a business's reputation--and from offering paid, "enhanced" profiles to companies looking to polish their listings.
- The business model is very similar to LinkedIn. Employers can promote their brand and advertise their jobs but the problem is that it is possible to post fake reviews. It's possible to create multiple accounts under fake names and to post critical reviews of companies where the writers have not worked.

## Revenue Model

It seems to be a mixture of a "subscription model" and a "pay-per-use model" targeted at employers. They sell the following to employers:

- Enhanced Profile - They allow you to brand your company profile
- Job Advertising - One-time or recurring job slots
- Display Advertising - Targeted monthly advertising campaigns
- Combinations of the above

# Zenefits



## Overview

- Zenefits is a company based in the United States that offers cloud-based software as a service to companies for managing their human resources, with a particular focus on helping them with health insurance coverage.
- It officially launched on February 18, 2013.

## Funding

- Zenefits has been valued as high as \$4.5 billion; it has received \$583 million in venture-capital funding from investors such as Andreessen Horowitz, Venrock, TPG, I.V.P., and Fidelity.
- On April 21, 2015, TechCrunch reported that Zenefits was raising somewhere between \$300 million and \$500 million at a valuation worth of \$3 billion, and possibly as high as \$4 billion.
- On May 6, the round was reported to have closed with \$500 million raised from investors including Fidelity Management, TPG, and Comcast Ventures at a valuation of \$4.5 billion.

## Value proposition

- **Well-integrated technology platform:** Zenefits HR solution integrates HR systems, payroll, and benefits into one comprehensive dashboard, Zenefits makes it effortless to handle everything from payroll and compliance to hiring new employees
- (Zenefits) don't visit their clients; almost never. It's a customer service team and telephonic relationship. Not a call center but specialist in HR, compliance and benefits.
- Helps eliminates thousands of hours of paperwork. For thousands of small business owners nationwide - from restaurants and fitness clubs, tech companies and clothing stores, dentist and doctors' offices, architects and schools
- Free Payroll with some HR and Benefits technology
- We handle everything else - employment agreements, compliance, getting them on payroll, getting them on benefits, all that stuff from soup to nuts.



# Zenefits



## Business Model

- They have taken a commoditized software solution (HR) where the requirements are well understood and there is not much innovation happening. They provide this software for free and then they take the data they collect from this system to sell benefits packages. The information gathered from the HR system makes them a very competitive vendor of benefits.

## Revenue Model

- Zenefits makes money when companies use its product to buy health insurance or to choose a payroll provider or other service

# HackerRankX



## Overview

- HackerRank for Work, is a subscription service that aims to help companies source, screen, and hire engineers and other technical roles.
- The HackerRank for Work platform gives businesses the option to leverage a built-in library of programming challenges or write their own so as to tailor that programming challenge directly to a company's open position.
- Technical recruiters then use those programming challenges to test candidates on their specific programming skills and better understand their qualification for a certain role.
- In 2014, HackerRank for work had over 1,000 paying customers for their subscription service. Notable enterprise customers include Adobe, Amazon, Atlassian, Citrix, EA Sports, Evernote, Quora, Facebook, Twitter, Walmart, Yahoo!, and Zynga.

## Value proposition

- HackerRank thinks it can gamify the hacker-hiring process on a grand scale—becoming a LinkedIn-style hub for programmers in the process.
- With HackerRankX, companies can create custom programming challenges for their clients, replacing the inefficient first-round phone interview by screening for applicants with the right skills.

## Funding

- HackerRank raised \$7.5M from Japan's Recruit Holding in 2015.
- The funding round comes just a month after HackerRank raised \$9.2 million from existing investor Khosla Ventures and US-based VC firm Battery Ventures.

# HackerRankX



## Business Model

- The business model is based on getting two things done.  
Finding the programmers that are most interested in solving the particular problems .  
Secondly, to remove the bottlenecks that make the tech hiring process so time consuming while at the same time increasing the quality of the outcomes

## Revenue Model

- HackerRank lets companies create the challenges that will attract the talent they are looking for
- It acts as a recruitment platform for companies looking to find right candidates for particular programming needs. There is a fee involved to using the services and that's how they earn money.

## Overview

- Namely was founded in 2012 to build an HR platform everyone would use everyday: technology as easy to use as social media, but powerful enough to meet the complex demands facing today's HR professionals. Namely handle all administration and compliance across HR, payroll, and benefits.

## Funding

- In March 2015, Namely announced had raised \$11 million on top of the \$12 million it raised three months ago, from investors Matrix Partners as well as True Ventures, Lerer Hippeau Ventures, Vayner/RSE and Greenspring Global Partners. The latest funding values the company at an estimated \$80 million.

## Value proposition

- Modern HRIS, Full-Service Payroll, World-Class Benefits, Talent Management, 360° Performance Reviews, Cascading Goals, Reporting, Time-Off Tracking, And More!
- Namely works with about 400 companies, managing more than \$2.5 billion in annual payroll and approximately 60,000 employees globally, according to its company Web site. That's the double the number of customers the startup had at the beginning of last year.

## Business Model

- In addition to a full payroll system, benefits administration and talent management features, Namely offers a core HR system comprising employee profiles, organizational charts, time off tracking and approvals, task and document management, along with custom reporting capabilities.
- Main focus is the SMB market: We offer all of the HR functionality that SMBs need to grow their businesses at a much more affordable cost than enterprise solutions.

## Revenue Model

- Namely sell an all-in-one HR software platform and charge a monthly subscription fee.

# GreenHouse

## Overview

- Greenhouse Software (commonly known as Greenhouse) is an American technology company headquartered in New York City that provides a recruiting software as a service. It was founded in 2012 by Daniel Chait and Jon Stross.

## Funding

- The company raised \$2.7 million in a seed round in November 2013, \$7.5 million in its Series A round in August 2014, \$13.6 million in its Series B round in March 2015, and \$35 million in its Series C round in August 2015. Research firm CB Insights, in a study commissioned by The New York Times, listed Greenhouse among fifty startups predicted to become unicorns, companies with at least a \$1 billion valuation.

## Value proposition

- Greenhouse users will have access to video interviewing solutions, which improve their everyday hiring decisions.

# Bridge US

## Overview

- Bridge US is a San Francisco, California based legal services corporation that offers immigration services and resources in the United States. The company was founded in late 2012 after being incubated in the Harvard innovation lab. In 2014, Bridge US launched an immigration software platform for lawyers and human resources professionals, which enables companies, whether corporate or small-scale, to efficiently hire immigrant workers.

## Funding

- In 2013, Bridge US raised \$800,000, with backers including 500 Startups and Miriam Rivera, COO and general counsel of the Minerva Project, a venture backed educational institution.

## Value proposition

- The company bills itself as a “Turbotax for immigration” since it uses Web forms to guide customers through the complicated process

# GreenHouse

## Business Model

- It offers the tools companies need to manage their entire hiring process.
- The hiring strategy in Greenhouse starts by finding the right candidates, and they incorporate a variety of sources, such as job boards, in-person events, external agencies and referrals.

## Revenue Model

The company makes money by charging for its services in two ways:

- It aggregates a company's job candidate sources like referrals, events, job boards, external agencies and social media into one hiring dashboard. From there, companies can A/B test their job listings and have their existing employees sent openings.
- For interviews, Greenhouse helps businesses structure their questions and how they're asked so every candidate gets a fair playing field, and scoring answers is easy with its decision-making tools.

# Bridge US

## Business Model

- To efficiently help immigrants with their visa processing to come and work in the USA. For this they have a legal team and technical team that helps candidates as well as organisations with immigration related issues.

## Revenue Model

- The company charges a service fees from the direct clients or organisations looking to get employees in US.

# LYSTABLE



## Overview

- Lystable launched in 2015, letting companies easily onboard, manage, talk with, and pay their external workers.
- Company wants to facilitate the future of work by making everyone's way of working, more transactional, while at the same time, less rigid and more fluid

## Funding

- Lystable raised \$500k from Mark Evans (Goldman Sachs, Balderton Capital), then again another \$2.75m from Peter Thiel, Toba Capital, Spring Partners and Playfair Capital. The company has grown to 16 employees in less than a year.

## Value proposition

- **Plans:** Company offers 2 plans Dolphin Plan (Free) and Orca Plan (Premium) for managing external workforce. It helps them onboard, manage, communicate with and pay them, all from one platform.
- **GrowthRate:** It has been only a year since the company was founded and in the last six months alone it has secured contracts with Google, *The Economist* Group, the London School of Economics and Farfetch, among others.



# SHORTLIST



## Overview

- Focused on making it easier for companies to find, manage, rate, pay and collaborate with their external workforce of vendors and freelancers.
- Looking to manage your agile external talent demands more efficiently

## Funding

- Total Equity Funding \$1.01M in [4 Rounds](#) from [2 Investors](#)
- Most Recent Funding \$150k [Angel](#) on June 15, 2016

## Value proposition







- **Products:** Freelancer Management Platform, Automated On boarding facility, RFX and Sourcing Tools, Performance tracking etc.
- Since its inception, the company has got a strong backing of investors and has acquired over USD 1 million in funding.
- Service are offered at reasonable prices with start up plan (upto 25 freelancers/vendors) being free and Premium plan starting from \$299 p/m.

# Ranking

Human resources technology is a high-interest area for venture capital investment. Using CB Insights' Mosaic algorithm, which combines public data and predictive analytics to assess the health of private companies, we identified some of the hottest HR tech startups.

HR tech companies offer powerful software tools to address some of businesses' most aggravating problems: compliance, payroll, benefits, recruiting, and talent management.

Mentioned in the right are few prominent HR tech companies with high Mosaic scores, along with recent headlines about news, financings, and partnerships:

Top HR Companies			
Company	Mosaic score	Total funding (in million)	No of customers
 glassdoor	910	More than \$160	2000+
 ZENEFITS	900	\$580	2000+
 HackerRankX	890	\$20.1	1000+
 greenhouse	880	More than \$60	1500+
 Namely	870	\$107.8M	500+
 Bridge US	NA	\$1 (Seed funding)	

*\*\* Mosaic algorithm, funded by the National Science Foundation, gives you predictive intelligence into the health of private companies.*

# Company's Current Standings in terms of Employees and Customers

## Number of Employees

Glassdoor: 501-1000

Zenefits: 1500+

HackerRankX: 51-200

Namely: 201-500

Greenhouse Software: 51-200

Bridge US: 1-10

Lystable UK: 1-10

Shortlist: 11-50

*Source: LinkedIn*

## Number of Customers

3000 employer clients (approx)

10,000 companies using its services

1000+ companies using its services

250 customers operating in 20 countries

Around 450

N/A

N/A

N/A

*Source: Bloomberg, CrunchBase*