



Key learnings from VocTech market activity

Q1 2026

Nick Kind, Daniel Brennan



*A Tyton Partners report
commissioned by Ufi Ventures.*



Introduction



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 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.

For more information about the methodology we use in compiling this briefing, please get in touch.



Helen Gironi
Director, Ufi Ventures
helen.gironi@ufi.co.uk



Nick Kind
Senior Advisor, Tyton Partners
nkind@tytonpartners.com

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Key takeaways from Q1 2026



- *As per our own annual report released last month, uncertainty remains a key theme; the war in Iran is clearly a new factor. Consequences for our sector are likely to include further investment in the green energy transition and defence, including upskilling and reskilling, across Europe.*
- *UK policy continues as per the government's plans. Further measures for the young unemployed, including training, were announced against a backdrop of concern about the effects of new employment and minimum wage rules.*
- *Despite interventions by the Federal government, debate continues about America's need to ensure an effective workforce development infrastructure. Bipartisan reports offer solutions, but their implementation is uncertain.*
- *There was much debate about the "SaaSocalypse". Workday's shares were particularly troubled by suggestions that homegrown, cheaper AI-based solutions could replace established providers of enterprise tools. Investors need to think even harder about defensibility when deploying capital.*
- *AI, its safety, and its effect on labour markets and work, remain highly contentious. A ruling against Meta has implications for digital product developers around the world, including those creating solutions for teachers and learners of all ages. In contrast to others, IBM chose to increase its hiring of entry-level staff, asserting the need to invest for the future.*
- *Nevertheless, a substantial new "Future of Work" fund closed. Investors committed to AI-enabled HR solutions, the healthcare sector and defence.*



Policy (UK)



- April 2026 saw the introduction of a range of new laws related to work, plus a new body, the Fair Work Agency.
- Additionally, the minimum wage rose on 1 April. The Low Pay Unit has a detailed report on its potential impacts here.
- There is debate about the effects of these measures. The Bank of England's Catherine Mann has asserted that minimum wage rises for younger workers have contributed to a rise in youth unemployment; by contrast, the Low Pay Unit's report asserts "While the Commission recognises that labour market outcomes for young people have deteriorated over the past two years, we are not aware of any robust evidence that higher youth [minimum wage] rates have contributed to these falls."
- Young people nevertheless remain a preoccupation of policymakers, particularly rising NEET* numbers. **The most significant announcement of the quarter** was a £1bn "New Deal" for Young People, which adds subsidies for employers of unemployed young people and extends a range of pre-existing initiatives.
- Key changes to rules around apprenticeships were introduced and announced at the same time, including defunding several courses in management (which almost by definition do not target entry level or younger workers).
- Alongside the ongoing Milburn Review into Young People and Work, the Work and Pensions Committee has just closed its inquiry into NEETs. The World Economic Forum produced a view from entry-level workers, asserting that "openness outweighs fear".

* Those who are Not in Employment, Education or Training



Policy (UK) cont.



- MPs are also to investigate the fairness of the student loans system, which has come under scrutiny in the quarter. The government has (pre-emptively?) announced a cap on interest for some borrowers under the scheme.
- Skills England released its delivery plan for the year, with a good summary of its (well-trailed) priorities by its Chair here.
- The UK's International Education Strategy 2026 was published, the first in many years. It asserts the importance of bringing foreign students to the UK and the education sector, aiming to “collectively grow education exports to £40 billion per year by 2030”.
- Announcements from the January Regional Investment Summit will create almost a thousand jobs across the UK, according to the government.
- Conditions attached to contracts for new school buildings demonstrate the government using procurement as a tool to ensure training is delivered in key Industrial Strategy sectors: “Construction firms working on school building projects will have to show that they are providing opportunities for apprentices and T Level students”. Apparently, 13,000 such opportunities will become available.
- The Department for Education announced a plan to make safe AI tutoring tools available to schools by the end of 2027. The cross-party Education Select Committee of MPs announced an inquiry into the use of Artificial Intelligence and EdTech in Education (the deadline for public submissions has already passed, and at the time of writing there have been no publications).

Policy (UK) cont.



- Secretary of State for Science, Innovation and Technology Liz Kendall made a series of announcements in late January. These included:
 - A new cross-government **AI and the Future of Work Unit** within DSIT, bringing together the Departments for Work & Pensions, Education, Business and Trade and the Treasury, supported by a panel of expert advisers.
 - The ambition to **upskill 10 million workers in AI by 2030** (raised from 7.5 million), with at least 2 million in SMEs, via the upgraded AI Skills Hub, with free training available to every adult.
- A **£27 million TechLocal programme** (part of the wider £187 million TechFirst programme) to help people, particularly women, into entry-level tech roles with grant funding of up to £225,000 per project.
- A new **AI Skills Partnership** with Multiverse, NHS, LGA, techUK, BCC, FSB, IoD, Pax8, Cisco, Cognizant, Sage, Salesforce, Google, IBM, Microsoft and others.
- Trades Union Congress General Secretary Paul Nowak made a clear pitch to be involved in policymaking around AI and the Future of Work in a speech in Northumberland.

Policy (Europe)



- *The EU closed its applications for European Skills Guarantee pilot projects and its first-stage consultation around the Quality Jobs Act.*
- *The European Parliament delayed certain provisions of the EU AI Act. This has been viewed by some as a concession to vocal American opposition to the Act, not only from "Big Tech" companies but also by some in the Trump Administration.*
- *BusinessEurope, the lobby group, published a "Reform Barometer" to mark 18 months from the publication of the Draghi report on EU competitiveness. It is crisp in its assessment:
"Europe must not only innovate, but also create the conditions to scale, diffuse new technologies across sectors, and enable firms of all sizes, particularly SMEs, to grow within a truly integrated Single Market. BusinessEurope's members recognise the renewed political focus on competitiveness, but without coherence, simplification and rapid implementation, Europe risks falling further behind in productivity and strategic autonomy."*

Policy (US)



- *Clearly, the geopolitical and economic turmoil caused by America's war against Iran has dominated headlines – both in America and abroad. However, there have been significant developments in the Future of Work ecosystem this quarter.*
- *The Department of Labor issued new guidance and processes related to Registered Apprenticeships and followed this up with \$85m of new funding commitments.*
- *Nevertheless, there was notable discussion asserting that the USA is missing key infrastructure for upskilling and reskilling in reports from the Bipartisan Policy Center and America Succeeds.*
- *Workforce Pell, a new Federal grant program funding student enrolment in short vocational courses, continued its path towards implementation.*
- *The Department for Education continues to be re-structured, with many programmes being moved to other agencies.*
- *AI and its safety remain very contentious. Anthropic is in a high-stakes dispute with the Pentagon; a New Mexico Court made a key judgement that Meta is liable for harms to young people; and a backlash against education technology in US schools is growing.*

Labour markets, employment & work



- *In the UK, most retrospective indicators of employment were flat. US nonfarm payroll employment was up by 178,000, with unemployment little changed. The EU was also largely stable.*
- *Manpower's Net Employment Outlook, a measure of hiring intentions, was up across the world (more in the US than Europe). However, the CIPD found that UK employers' confidence is low, citing legislative changes (see Policy, above). The Federation of Small Businesses is similarly pessimistic and critical. The IMF is not optimistic about the effects of the war in Iran, in particular for the UK.*
- *How AI will affect work remains contentious. There were interesting – and contrasting - reports and predictions from Anthropic, BCG, Deloitte, Pearson*, PwC and Randstad during the quarter. IT jobs are clearly being cut, in many cases citing AI efficiencies, with losses at Atlassian, Oracle, Block, Amazon and Meta. WPP may be a bellwether in advertising as it restructures. But IBM is tripling entry level hiring in the US, with reports indicating it is ensuring it has experienced employees for the future.*
- *The war in Iran and across the Middle East has refocussed attention on the green transition and defence. VW may have found a future for its major car plant in Osnabruck in the production of weapons.*

*Note that Nick Kind contributed to this report



Policy, labour markets, employment & work



Implications and analysis

Uncertainty has only increased since we made it the word of our year in our [annual report](#), published last month. The Iran war is likely to have a major effect on economic and employment prospects unless a resolution is reached quickly. It will also mean for an acceleration of investment in defence and the green energy transition – likely including the associated upskilling and reskilling.

Whilst the effect of AIs on coding jobs is clear, evidence for the technology's wider impact on employment remains very mixed. In line with [this FT commentary](#), we believe that forecasting is highly complex, and that “jobs” are not the same as “tasks”: our instinct is to rely on verifiable employment numbers. IBM's move is very interesting: there is a strong argument that companies may have to accept that some employees may be more “inefficient” than AIs in the short term as they gain expertise, but that expertise will make them much more effective users of AI over time. Investment in future talent is starting to look like a new set of trade-offs.

The Meta judgment has major implications for those developing digital products as Meta are being held responsible for their recommendation algorithm, not the content they are delivering (good commentary from Vogue Business [here](#)). Even producers of digital learning should review their approaches, not least given the education technology backlash across the world. It seems likely that organisations will need to justify and explain not only the use, but also the detail, of algorithms which (for example) select content and/or next steps in workflows for teachers and learners. Evidence should be the first port of call, both to remove harm and to demonstrate where technology truly helps: however, gathering even the lowest [standard of evidence](#) requires resources which companies have often, thus far, been reluctant to commit. Perhaps this is the moment when management teams and their investors change.



Initiatives, products and services: Big Tech¹



Summary	Detail	Commentary
AI coding and agentic solutions prompt market turmoil and a re-examination of business models	Anthropic released a <u>new version of Claude Code</u> and <u>opened up the availability of Claude Cowork</u> . OpenAI followed with a desktop version of Codex, its analogue to Claude Cowork, <u>a little later in the quarter</u> . Some commentators also noted that Codex was used to create its own new version, accelerating the pace of innovation now and for the future. These developments sparked the emergence of a new (ugly) word: the <u>“SaaSocalypse”</u> . Stock markets and investors are worried by the idea that the long-favoured “software as a service” (SaaS) business model is threatened by the possibility that AI tools can be used to create cheaper, home-grown solutions (an apparent early education example is <u>documented here</u>). Notably, Workday’s share price plunged – at the time of writing it had nearly halved over the previous year (see also below).	<ul style="list-style-type: none"> What will agentic, code-writing AI mean for a radical shift of power between users and incumbent SaaS software companies? It is already clear that it is cheaper and faster to develop software than it has ever been, and that barriers to starting a company have been similarly lowered. Yet incumbent providers are currently sitting on deep data pools and are embedded into organisations’ work processes, often in high-stakes areas such as payroll and compliance. And, of course, new potential incumbents are emerging in the shape of Anthropic and OpenAI themselves. Hyperscalers continue to see education and learning as important. Anthropic’s latest rhetoric is around empowerment (in line with the above), but OpenAI, Anthropic and Google are all clearly seeing country-wide sales of their tools to education systems as an attractive commercial (and likely data-gathering) opportunity.
<u>Anthropic x Teach for All</u>	The hyperscaler partnered with the global education nonprofit to “bring AI tools and training to educators in 63 countries”.	
<u>OpenAI Education for Countries</u>	OpenAI announced it “will work with governments and university consortia to bring AI into education systems to personalize learning, reduce administrative burden, and prepare students for the workforce”. First partners included Estonia, Greece, Italy’s Conference of University Rectors (CRUI), Jordan, Kazakhstan, Slovakia, Trinidad & Tobago, and the United Arab Emirates. This follows similar announcements from <u>Google</u> and <u>Anthropic</u> .	

¹Note: we now include “hyperscaler” AI companies such as OpenAI and Anthropic in our definition of “Big Tech”.

Initiatives, products and services: cont.

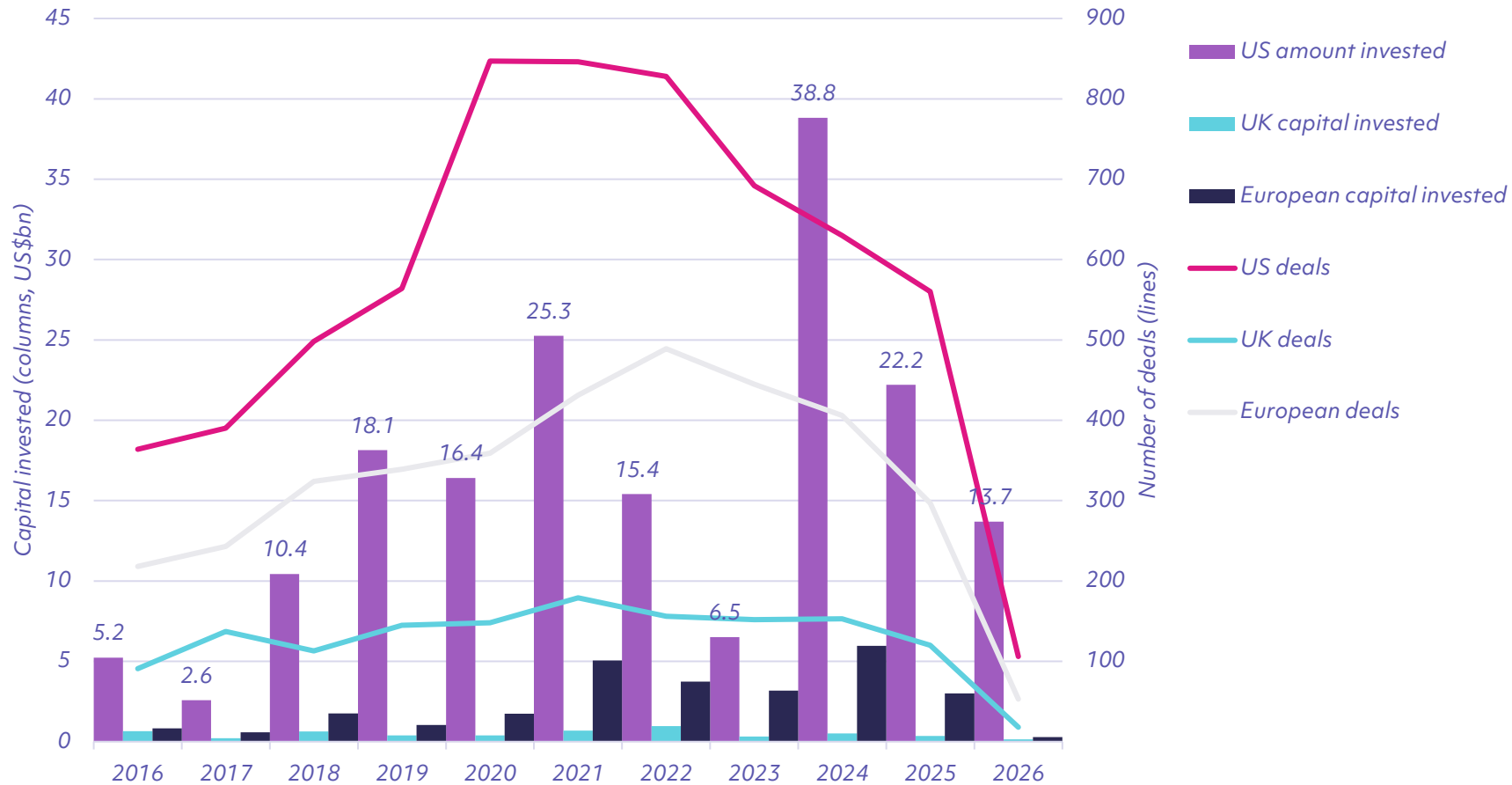


Summary	Detail	Commentary
Pearson x Deloitte	<ul style="list-style-type: none"> In January, Pearson and Deloitte <u>announced a new partnership</u> "to co-develop and deliver end-to-end talent, leadership, and workforce development solutions for global enterprises and government organisations". 	The world's largest education company continues to form partnerships as it focusses on learning for workers. It will be interesting to see how much it builds its own services offerings over time.
Multiverse scales, but not without challenges	<ul style="list-style-type: none"> The apprenticeship and workforce training organisation started in 2016 has now become the largest revenue-generating provider in England <u>according to FE Week</u>. This quarter, it also <u>acquired German data and AI training provider StackFuel</u>. However, its losses have grown, and it has yet to record a profit. It has been <u>criticised for its low completion rates</u>. <u>Founder Euan Blair has responded</u>. 	Multiverse is often a target for media commentary due to its historic high valuations and well-known founder. Its fortunes will materially affect the perception of the whole "Future of Work" investment sector in the UK and Europe.
The travails of Workday	<ul style="list-style-type: none"> The huge HR Tech company's <u>CEO was replaced by its co-founder and former CEO in February</u>, likely due to dramatic falls in its share price. It also <u>laid off 2% of its workforce</u> (about 400 jobs). Nevertheless, industry commentator <u>Josh Bersin is bullish about Workday's new AI strategy</u> following its €1bn acquisition of Sana Labs last year (note he uses the software himself). 	Workday is a worked example of the challenges and potential opportunities within the "SAASpocalypse" (see above). Its deployment of Sana technologies to form the front-end to much of its legacy software may prove a template – or a dead end.
Consultants re-imagining and re-structuring themselves	<ul style="list-style-type: none"> PwC has said that "partners who resist the advance of AI will have no future at the firm" (<u>FT</u>) and is overhauling its pricing and services models – notably launching "<u>PwC One</u>" offering low-cost, possibly self-service and subscription-based, access to its expertise through AI. <u>Accenture announced a new structure in March</u>. McKinsey boss Bob Sternfels claimed in January that it <u>added 25,000 AI agents to its staff in the last two years</u>. 	Consulting companies are also under pressure from AI developments. PwC's experiments with lower-cost models are provocative for those across the professional services sector.

Investment trends



Capital invested in HR Tech (source: Pitchbook)



Implications and analysis

2026 figures are naturally only for the first quarter, so it is too early to identify trends.

Additionally, the US numbers are skewed by the completion of Thoma Bravo's \$12.3bn acquisition of Dayforce, announced last year, which constitutes the vast majority of US capital invested.



Selected transactions



Theme	Examples and implications
Major Future of Work fund close	<ul style="list-style-type: none"> The biggest announcement for the Future of Work private equity sector was <u>Achieve Partners' closing of a \$450m fund</u> "to tackle artificial intelligence-related labor displacement in the technology and healthcare sectors, betting on on-the-job training to help close skill and experience gaps." Achieve have invested in Europe in the past.
Service player raises substantial debt	<ul style="list-style-type: none"> Perhaps indicating that services are now becoming more attractive as investors question SAAS models, <u>Workday services provider OneSource Virtual raised \$800m in debt</u> from TA Associates.
Defence training	<ul style="list-style-type: none"> In a clear sign of the times, <u>MASA Group</u> was sold for \$82m (transaction amount according to Pitchbook). The 28 year old company offers "A.I. for training military and civilian decision makers".
AI solutions for HR raising money	<p>Apart from the closing of the Dayforce transaction (see above), there were other major deals:</p> <ul style="list-style-type: none"> Canterbury, UK based <u>Origin Benefits raised a \$30M Series A+</u> to improve global benefits efficiency with AI <u>London-based Sona raised \$45m</u> for its end-to-end solution for "frontline" workers, which also uses AI to predict the most effective shift allocations. <u>Smart Operator</u> (London) and <u>Bounti</u> (Berlin) raised £2m and €4m respectively for their similar AI-driven "learning in the flow of work" solutions, also for frontline workers. Israeli company <u>Guidde raised \$50m "to train humans on AI and AI on humans"</u>. <u>Kinfolk raised a \$7m seed round for its "orchestration layer"</u> which sits behind Slack to "draft letters, update HRIS records, kick off processes, book meetings, connect people, manage lifecycle changes, and coordinate approvals autonomously across systems".

Selected transactions cont.



Theme	Examples and implications
Data labelling for AI models remains hot	<ul style="list-style-type: none">London-based <u>Encord</u> raised <u>\$60m</u> in a very hot market. Recruitment company Pin has decent coverage of the wider landscape <u>here</u>.
US acquisition of European players	<p>There was notable merger activity from US companies buying in Europe. Transaction amounts were not available.</p> <ul style="list-style-type: none"><u>Phenom</u> acquired UK-based <u>BeApplied</u> (hiring)<u>Docebo</u> acquired French company <u>365Talents</u> (learning + skills)
Apprenticeships M&A still attractive	<ul style="list-style-type: none">Sovereign Capital <u>successfully exited apprenticeship provider Knovia</u> after pursuing a “buy and build” strategy, including the acquisition of Babington last year. This sector remains a key site of activity in the UK market.
GUS loan to Lincoln Bishop University	<ul style="list-style-type: none">Demonstrating the headwinds facing some universities in the UK – and the willingness of private providers to intervene where they see benefits – Global University Systems has <u>entered into a loan agreement with Lincoln Bishop University</u>. This follows GUS’ acquisition of Futurelearn and partial sale of Arden University in the last few years.

Selected transactions cont.



Theme	Examples and implications
Healthcare continues to be a vibrant sector for investors	<ul style="list-style-type: none">• <u>Adecco acquired Advantis Medical Staffing in the USA</u>• <u>Flexzo AI, a healthcare “workforce management” company in the UK, raised \$12m; French company MYC raised €10m “to digitise medical operations for complex worksites”.</u>• <u>Oxford Medical Simulation raised £5m for “immersive” training using VR; similarly, UpSurgeOn raised €5m for its virtual surgical training and Orama \$4.5m for its XR simulation training; Dutch company Primio also raised €1.9m for its healthcare “knowledge” app.</u>
Careers and transitions transactions	<ul style="list-style-type: none">• <u>Dutch coaching and careers company Power4People was sold for \$29.5m (amount from Pitchbook; link in Dutch).</u> Italian company <u>Jobiri</u> and <u>Career Decisions Ireland</u> were also acquired by various organisations for undisclosed amounts.
Preply becomes a unicorn	<ul style="list-style-type: none">• <u>Language learning marketplace Preply, headquartered in the US but with a substantial Ukrainian workforce and European investors, raised a \$150m Series D round at a \$1.2bn valuation. It offers tutoring to companies as well as individual consumers.</u>
Coursera shares slump	<ul style="list-style-type: none">• <u>Despite its planned merger with Udemy, established online learning player Coursera remains troubled, not least after an earnings call in April 2026. At the time of writing its share price was at 5.29, compared to a high of 12.93 in August 2025.</u>

What's made us think this quarter

- OECD's Four Futures for Jobs in the New Economy
- The Ada Lovelace Institute's "Scribe and Prejudice?" examining the use of AI in care-related workflows
- The Migration Observatory (UK) and Brookings (USA) on immigration's positive effects for jobs
- The Resolution Foundation's Unsung Britain report on poorer families, as mentioned in our own annual report released in March which offers further analysis
- Deloitte on "dealing with AI's cultural debt" in organisations





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 *@UfiVentures*

 *ventures@ufi.co.uk*



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