

INDIAN UNICORNS & SOONICORNS A Talent Roundup

The Year 2019 has gone into history as the year when India produced almost 1 Unicorn every month. 2019 saw the continuance of the parade of the Indian unicorns that was witnessed in 2018. While 2018 saw the birth of 11 Indian Unicorns, 2019 continued the trend with over 8 additions and a couple more are expected as the investment and revenues get tallied for the year closure. As home to over 25 Unicorns and close to 50 Soonicorns, India is expected to continue the trend of putting Unicorns on the card through 2020. Aggressive growth plans and investment attracting business models allow the Unicorns and Soonicorns alike to be equally aggressive with Talent acquisition and competitive in their compensation structures to attract and retain high end talent.

Unicorns and the soon-to-be Soonicorns hold such high visibility in the market that their actions and course corrections look amplified and get reviewed more than any other's. There is also a tendency for events at a Unicorn to be looked at trends across the whole spectrum. In that background, the fact remains that these businesses do have their cyclical course corrections that are essential for maintaining or enhancing their unit economics. Decisions and alterations related to manpower have a direct impact on the unit economics and profitability that the investors seek a safeguarding of.

This dipstick is a result of our monitoring of 25 Unicorns and 30 Soonicorns of India on their human capital dimensions and growth.

The Headcounts

The Unicorns and Soonicorns by nature of their business have a mix of direct and indirect employment with them. These 55 companies together offer employment for a little less than half a million individuals across geographies and functions.

Illustration A: Indian Unicorn & Soonicorn Headcounts

	Companies Tracked	Headcount	
		Direct	Indirect
Unicorns	25	94800	260700
Soonicorns	30	39300	98250
Total	55	134100	358950

The lion's share of headcount among Unicorns is with the on-demand services players like Ola, Swiggy and Zomato, accounting for over 28% of the Unicorn headcounts as on date. Followed Travel & Logistics Unicorns at 20%. FinTech and eCommerce / Marketplace Unicorns accounts for 13% each.

Illustration B: Indian Unicorn Headcounts by Sector

Sector	Headcount Contribution
Automotive	0.1%
Consumer Services	1.2%
Digital Content	9.5%
eCommerce/Marketplace	13.7%
Energy & Utilities	0.7%
FinTech	13.1%
IT Services	3.8%
Logistics	4.5%
On-Demand	28.2%
Sports	0.4%
Telecom	4.9%
Travel & Logistics	20.0%

As for Soonicorns monitored in the study, eCommerce players contribute to over 45% of the headcounts among the Soonicorns. Followed by Fintech at 21% leaving the other industry sectors behind by huge margins.

Illustration C: Indian Soonicorn Headcounts by Sector

Sector	Headcount Contribution
Consumer Services	11.5%
DeepTech	1.54%
Ecommerce	45.45%
Enterprise Tech	6.57%
FinTech	21.7%
Health Tech	6.10%
Logistics	3.0%
Media & Entertainment	2.15%
Transport Tech	1.94%

Headcount Growth

The Unicorns and Soonicorns monitored, registered a collective headcount growth of 8% in 2019, summing upto a 22% headcount growth over the last 2 years. The headcount growths were predominantly driven by Unicorns with a 9% growth over the last year and a massive 30% growth over the last 2 years period. The Soonicorns registered 6% and 14% growth figures in 2019 and over the last 2 years respectively.

Illustration D: Indian Unicorn & Soonicorn Headcount Growth

	Companies Tracked	Headcount Growth In Percentage	
		Last 1 Year	Last 2 Years
Unicorns	25	9%	30%
Soonicorns	30	6%	14%
Total	55	8%	22%

While the Unicorns had over 8050 net additions in 2019, the Soonicorns added up over 2200 net. Among them, these 55 high growth companies added over 10200 jobs in 2019. Over the last years their cumulative net addition of jobs stands at 27060.

Illustration E: Indian Unicorn & Soonicorn Net Additions

	Companies Tracked	Net Headcount Additions	
		Last 1 Year	Last 2 Years
Unicorns	25	8050	22100
Soonicorns	30	2230	4960
Total	55	10280	27060

One-third of the companies studied registered 2 digit headcount growths in 2019. And among these companies with 2-digit headcount growths, the Soonicorns account for a majority of 57% denoting the healthy growth figures they've registered on their base headcounts. This is in line with similar growth trends exhibited by the current Unicorns in their Soonicorn phase of growth or approaching their pivots.

Function wise Headcount Growth

Looking at the function wise growth figures of the Indian Unicorns and Soonicorns studied, the Sales function takes focus with an overall growth of 36% in 2019. This growth was predominantly driven by the Soonicorns who added Sales muscle this year owing to the stage of evolution they are in their lifecycle. The Soonicorn Sales force grew by 50% over the year as against the 20% among the Unicorns.

The Unicorns focused on continuing their product enhancement and operations management with most of the headcount growth going towards the Engineering, IT and Operations functions.

Collectively the 2nd function that registered maximum growth in headcount over 2019 is the Engineering function with a 19% growth followed by Marketing at 18%.

Illustration F: Market facing functions growth

	BD	SALES	MKTG
Unicorns	21%	20%	22%
Soonicorns	7%	50%	15%
Overall	14%	36%	18%

Illustration G: Internal functions growth

	ENGG	IT	OPS
Unicorns	26%	22%	24%
Soonicorns	14%	8%	10%
Overall	19%	15%	16%

What lies ahead?

The occurrence of strategic sizing down or reallocation of resources and investments within a business are often a planned calibration to retain the health of the key metrics relevant for valuations and investor exits. While some of the headcount reductions have come up as a surprise, it needs to be noted that sizing down operations and slimming down have been noted at key business junctures like M&As and IPOs. The recent events among the Unicorns and Soonicorns can hence be looked at in the larger scheme of affairs where apart from the unfortunate side of job loss there is also a strategic correction at the specific business level.

Whether recent events of sizing down should be looked at as an overall market trend among these high growth companies is something that needs to be critically looked at and possibly can be waited out a little more longer.

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