



A GUIDE TO EFFECTIVE COMPANY
RESEARCH THROUGH

Workforce Analytics for Venture Capital & Private Equity Firms



Introduction

Venture Capital and Private Equity operate in a high-stakes arena. These firms have the power to support game-changing companies with untapped potential, poised to revolutionize entire industries.

Every investment requires careful scrutiny to ensure it's a sound endorsement. The consequences of overlooking crucial details can be disastrous, from financial setbacks to damaging reputations and even legal troubles. It's evident that thorough, evidence-based research is not just a choice, but an absolute requirement.

When it comes to effective company research, there's a lot more to it than just gathering information. It involves diving into multifaceted data, consulting with industry experts who are leading the way, untangling intricate financial complexities, and sourcing information from various public resources. But here's the thing: it's not just about the numbers and facts. It's about understanding the real value creators behind each company—the people.

Workforce analysis plays a crucial role in the due diligence process for Private Equity and Venture Capital firms before they invest or acquire. It allows for a comprehensive understanding of the capabilities of the workforce across different functions, seniority levels, and geographical locations. Plus, it can reveal gaps or opportunities for optimization within the workforce. That's why corporations and investors should regularly tap into this kind of analysis to keep an eye on their competitors or identify potential areas for improvement.

With the valuable insights provided in this ebook, Venture Capitalists and Private Equity firms will be equipped to conduct effective company research specifically focused on the workforce. This will undoubtedly enable them to make better-informed decisions in the future.

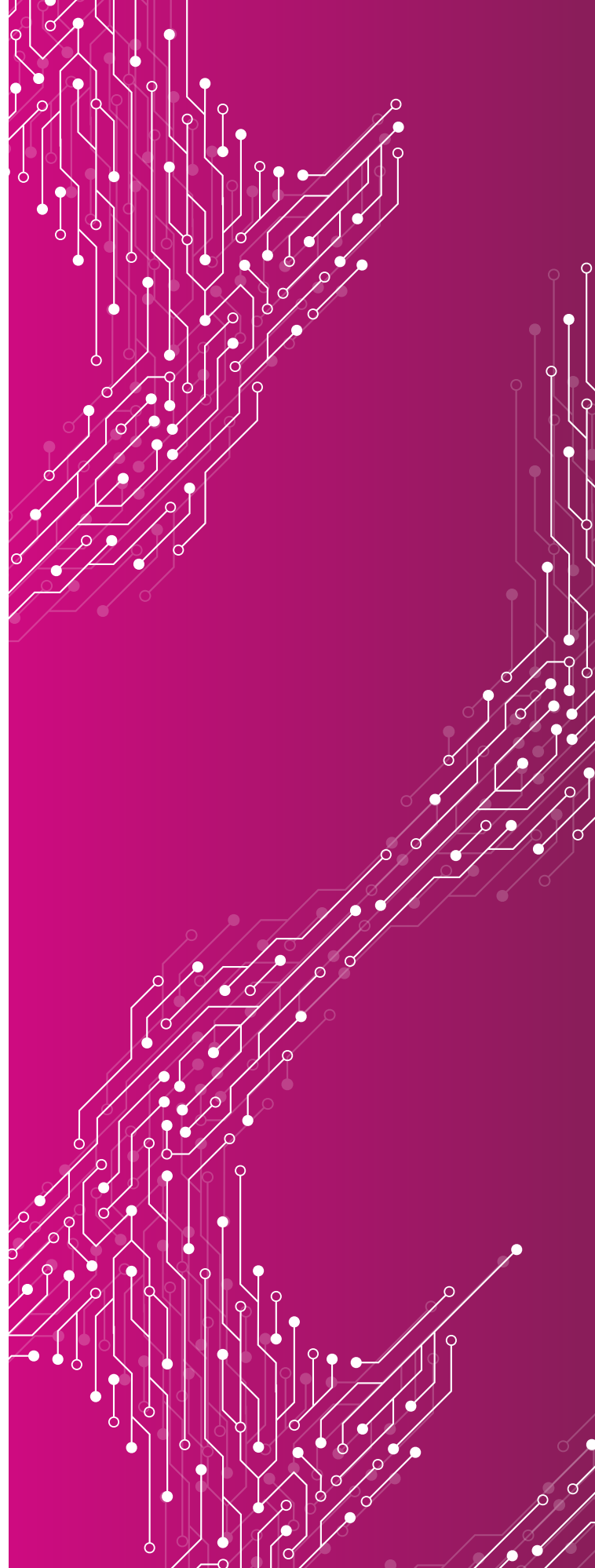


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CHAPTER 1

Defining Investment Objectives

Investment requires strategic planning with a clear understanding of your investment goals.

Investment requires strategic planning with a clear understanding of your investment goals. Setting clear and precise investment goals mitigates possible losses and helps make focused decisions. You can then evaluate and adjust your portfolio to meet these goals.



Investment Strategies and Their Alignment with Specific Goals

Investors can consider several investment strategies depending on their investment objectives. Some investment strategies are more aggressive, while others are more conservative.

Let's take a look at some popular investment strategies:



Growth Investing: Best-suited for investors seeking long-term growth by investing in companies with high growth potential as compared to the industry. When profitable, these companies often reinvest profits back into the business to fuel future growth.

Objective: Long-term growth.

Investor's Eye: Companies with explosive growth in revenue and earnings.

Strategy Insight: Profits? They're funneled right back for the future! These companies prioritize scaling and expanding.



Value Investing: Value investors seek companies undervalued by the market and represent a high-return opportunity. This investment strategy is designed for investors willing to research to find undervalued assets.

Objective: Finding the market's hidden gems.

Investor's Eye: Companies undervalued by the market yet with strong fundamentals.

Strategy Insight: Think of it as hunting for treasures overlooked by others. It requires discernment and solid research.



Income Investing: This investment strategy is designed to generate passive income for investors. Income investors seek assets that pay a steady income stream, such as bonds, dividend-paying stocks, and real estate investment trusts (REITs).

Objective: Regular passive income.

Investor's Eye: Assets like bonds, dividend-rich stocks, and REITs that generate cash flow.

Strategy Insight: The steady Eddie of investing. It's all about reaping consistent rewards over time.



Socially Responsible Investing: This investment strategy is gaining popularity and is designed to invest in environmentally and socially responsible companies. Socially responsible investors are looking to invest in companies that align with their values and beliefs.

Objective: Invest with a conscience.

Investor's Eye: Companies championing environmental and social causes.

Strategy Insight: Beyond just profits. It's about making money and making a positive impact on the world.

Target companies, sectors, and industries would all send out signals for each of these investment strategies. However, one of the strongest to note is workforce dynamics. For example, investors seeking long-term growth can keep a tab on companies that are scaling in a sector of interest with tools such as Aura Workforce Dynamics. Similarly, investors looking to mine hidden gems can keep track of companies with specific skill sets that are indicators of future technology adoption.



CHAPTER 2

Identifying Promising Sectors and Industries

Aura Industry Trends

Having access to the latest hiring data can unlock valuable insights into recruitment trends.

Every month, Aura analyzes the latest publicly available job posting data to look for overall shifts by geography and sector, as well as uncover trends in particular skills or job attributes like AI or remote jobs. These trends can help to strategically guide your next move. Consider snippets from Aura's September job report:

Overall Job Postings (By Sector)

Of the top 10 sectors, the Higher Education and Internet sectors saw the highest increases in new job postings with a change of **21% and 13%** respectively, while IT & Services and Government Administration experienced the largest decreases.

AI Job Trends

New AI job postings **increased by 15%** from August to September, and the proportion of AI jobs out of all software jobs also **increased by 16%** during the same period.

New AI job postings increased across the education and marketing sectors while decreased in insurance and transportation industries.



Conduct Research on Industry Trends

Your search for promising sectors or industries should begin with research. Start by seeking out relevant data and statistics on sectors that interest you.

Evaluate the company, its management team, and the industry growth potential value, incorporating different sources of information. By analyzing current trends and upcoming developments, you'll understand whether a sector or industry is stable or has growth potential.



Research on Industry Trends:

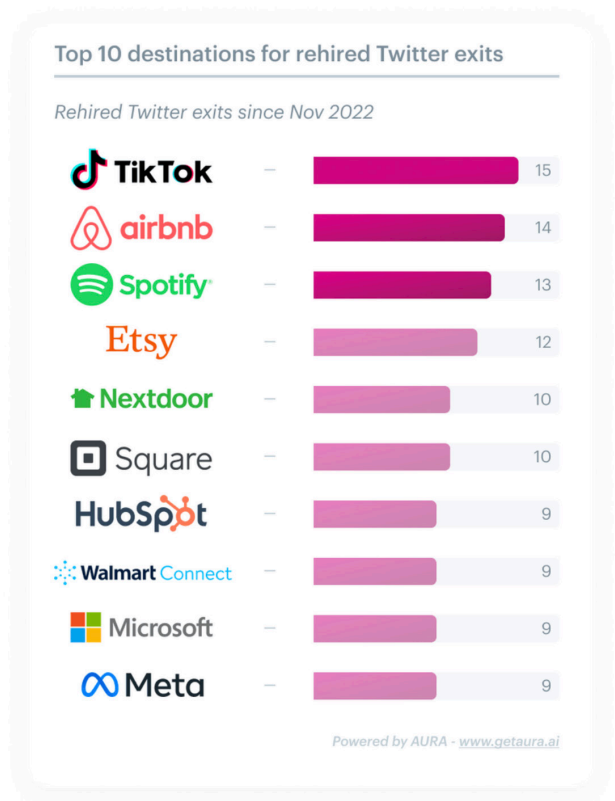
Aura excels in aggregating real-time industry data, enabling a panoramic view of evolving sectors. Aura can aggregate industry trends across workforce characteristics such as flow, skills, sources, and job postings. Aura recently explored how AI-related job postings have fluctuated in the past year in the Entertainment Industry to understand how AI advancements and subsequent Entertainment strikes have affected demand for AI skills in these related industries. Aura collects publicly available data on a wide range of sources of job postings and enables analysis of trends in this data to uncover hiring insights of interest for industries.

Companies create value through their people. Hence, people are the best indicator of value created in the industry. Consider **MAANG alumni in growing tech startup**. Tech startups with a strong presence of MAANG alumni (Meta, Amazon, Apple, Netflix, and Google) have experienced remarkable growth and success.

These alumni bring innovation, excellence, and a deep understanding of the industry, market dynamics, and the latest technology trends. Their contributions to product development, market expansion, and revenue generation have been invaluable to startups.

The overall workforce growth, especially in engineering and sales teams, is crucial for startup expansion and market potential. By hiring employees with specialized skills, startups can improve products, meet market demands, attract customers, and establish partnerships. This, combined with substantial funding, showcases the market viability and long-term potential of startups.

Or consider the layoffs from Twitter post-acquisition by Elon Musk. Using publicly available data up to July 2023, Aura identified 810 former employees of Twitter laid off in November 2022 or after who have since taken on new roles. The top ten destinations for this cohort of former employees are shown in the graph.



Studying the career paths and job outcomes of laid-off employees can provide valuable insights into hiring trends and the influence candidates have in securing senior positions at their new companies. Despite the negative connotations typically associated with layoffs, there are often positive outcomes as new opportunities arise elsewhere.

Aura is equipped to facilitate this type of analysis by providing easy access to workforce data. By comparing key metrics among different groups of companies and candidates, Aura enables a comprehensive understanding of workforce trends and empowers organizations to drive impactful change.

Consider Emerging Technology Trends

The impact of technology on different industries is growing at an incredible rate. As emerging technologies become more accessible to the general population, industries that once looked stable can experience unforeseeable disruption. VC firms should keep track of technological advancements to identify potential investment opportunities.

Keep in mind that established players can initially discount disruptive trends. Some disruptive trends might emerge as a response to changes in consumer behavior that established firms cannot accommodate.



Emerging Technology Insight

With Aura, it becomes possible to stay informed about the technologies that companies are focusing on. Aura offers valuable insights into the specific technological skills that companies are actively seeking. This information can be instrumental in understanding a company's strategic direction and comparing its technological stack with industry standards.

Venture Capital Research Checklist with Aura

Research on Industry Trends

- Aggregate real-time workforce trends with Aura
- Integrate Aura's insights for a holistic view of evolving sectors.

Analyze Potential with Workforce Trends

- Utilize Aura's advanced analytics for a deep dive into market workforce dynamics.
- Anticipate future market trajectories with Aura's analytics capabilities.

Emerging Technology Insights

- Keep abreast of technological disruptions using Aura workforce skill assessment.
- Evaluate potential industry impacts of emerging technologies.

Final Assessment

- Integrate insights from Aura with personal intuition and expertise
- Evaluate the synergy of data-driven insights with investment objectives
- Finalize investment decisions, ensuring they're rooted in comprehensive research and foresight



CHAPTER 3

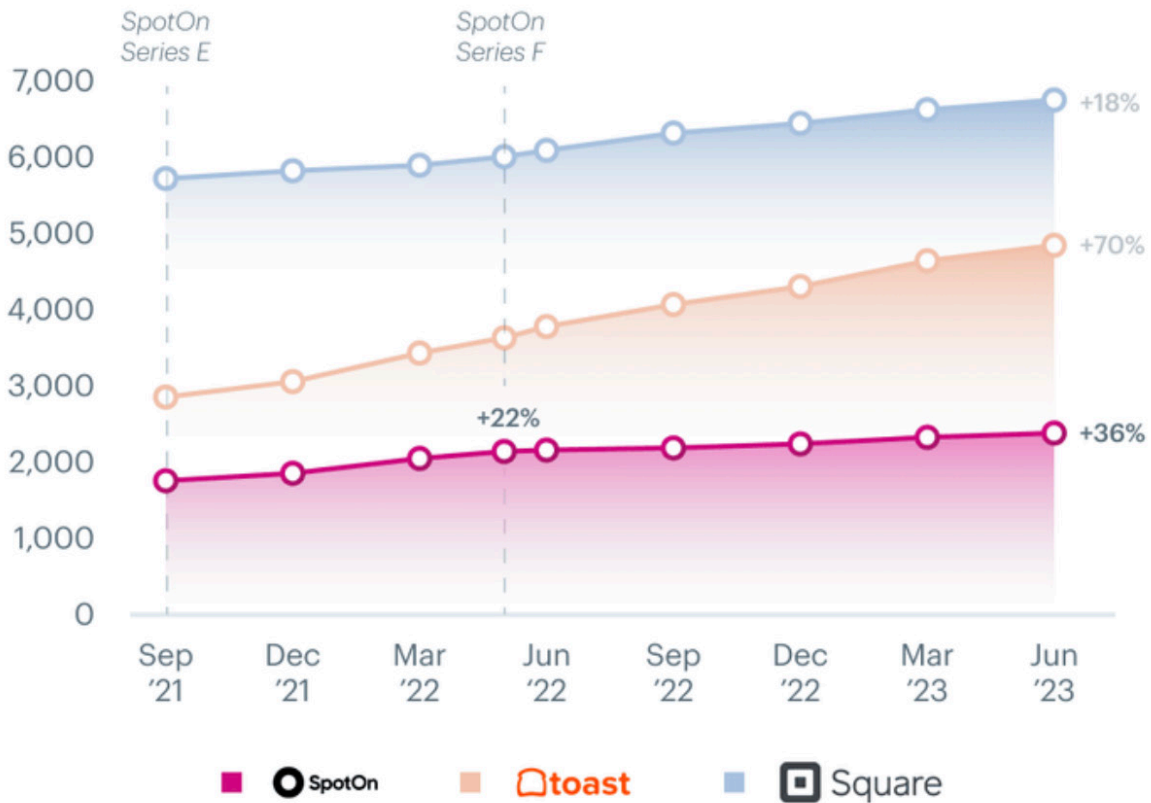
Assessing Competitive Landscape

Choosing the right company to invest in is vital to success.

Understanding the competitive landscape is crucial in selecting a company with the most significant potential for growth and profitability. Aura **recently looked at SpotOn**, a US-based software company founded in 2017, focusing on point-of-sale (POS) systems for restaurants and small businesses. As a relative challenger in this growing industry, assessing key competitors' workforce trends and benchmarking targets would make for a foolproof investment case. Aura explored SpotOn's workforce shifts since their Series E investment round in comparison with their leading competitors - Block, Square, and Toast.



Total employee numbers (Sep 2021 - present)



*Based on publicly available self-reported data

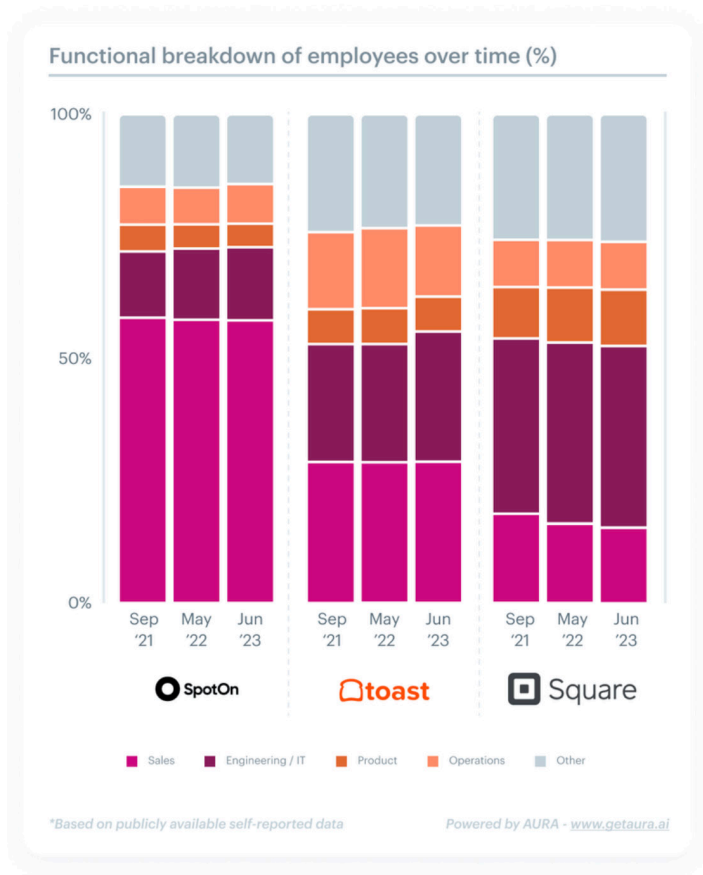
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Across all three firms, we see workforce increases over this two-year period. SpotOn saw sizable growth between their Series E & Series F rounds, with 22% growth over these eight months, but has stabilized significantly more since then despite the significant funding injection. Square has similarly grown slowly over this period (+18%), in line with its status as an 'incumbent' in the POS space.

Functional analysis reveals that SpotOn maintains a consistent sales focus, which distinguishes it from Toast and Square. This breakdown of workforce functions allows for a comprehensive comparison of strategic priorities across these companies. Moreover, it helps determine if investment rounds have resulted in any notable shifts in these priorities, potentially leading to subsequent personnel changes.



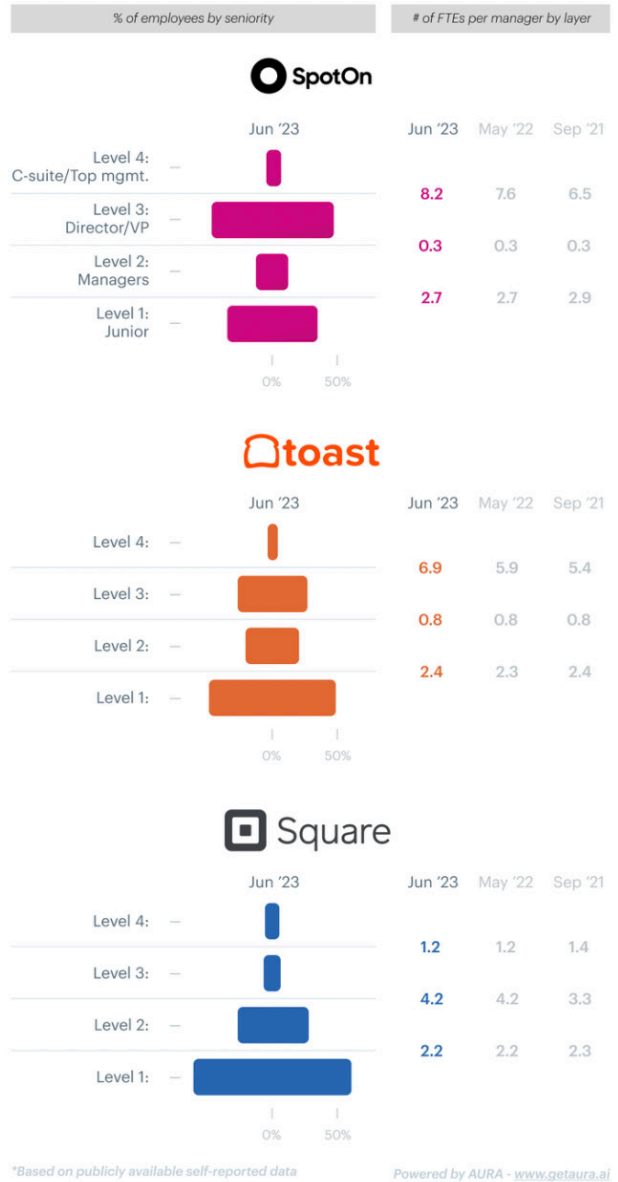
Seniority and span analysis is an essential part of workforce optimization and restructuring. It helps identify potential opportunities for reducing personnel costs and simplifying processes within a company. Aura's spans & layers analysis breaks down the workforce into four main layers based on seniority: junior staff, managers, directors/VPs, and C-suite/top-level management. By examining the number of full-time equivalents (FTEs) per manager across each layer, we can determine if any layers are overstaffed or understaffed, leading to actionable insights for improvement.



Long-term trend analysis is a valuable tool for thoroughly examining a company in partnership with other metrics and qualitative inputs. In the case of SpotOn, we can observe significant workforce growth over the past two years, as well as their focused approach to sales, which stands in stark contrast to their key competitors. This analysis also highlights the potential opportunity for SpotOn to optimize its seniority structure.

While quarterly reporting effectively captures large-scale shifts, there is an untapped potential to track companies more frequently.

Seniority & spans analysis



Implementing automated or frequent intra-quarter analysis can provide valuable real-time workforce signals, offering insights into a company's direction and whether they are meeting, exceeding, or falling short of expectations. These insights can guide investment decisions, such as when to buy or sell a company's stock, and also suggest the need for strategic adjustments in response to competitor actions. Aura supports both types of analyses, enabling the comparison of relevant metrics between companies and market segments. This comprehensive approach allows for a deeper understanding of workforce trends and empowers organizations to drive meaningful change.



CHAPTER 4

Evaluating Management Team and Leadership: The True North of Investment Decisions

Venture capitalists constantly evaluate investment opportunities, but one of the most crucial factors to consider is a potential portfolio company's management team and leadership.

This can be a challenging task, as there are multiple aspects to evaluate, including capabilities, track record, vision, expertise, alignment with investment goals, and much more. Here is why assessing the management team's capabilities and leadership track record is essential and offers some methods for doing so effectively.

It's often said that venture capitalists invest in people, not just companies. Just as Captain Kirk's leadership was essential for the USS Enterprise's successes in 'Star Trek,' so too does a startup's journey depend on its leadership team's prowess. Aura works somewhat like a starship's onboard computer, keeping a comprehensive record of all the happenings. It can track changes in the management team over time, focusing on key metrics such as attrition, much like it does for the workforce. This tracking provides insights into the leadership's stability, its ability to attract and retain talent, and, ultimately, its effectiveness. It's like Aura constantly scans the startup's 'vital signs,' keeping an eye on the organization's health.



The Cruciality of Leadership Assessment

At the heart of every thriving enterprise is a formidable management team. They're the custodians of strategy, the navigators of industry storms, and the visionaries whose insights could transform nascent ideas into disruptive giants. Remember how Steve Jobs' return to Apple in the late 90s marked a pivotal turnaround for the company? Leadership truly counts.

Evaluating the management team is essential because they are responsible for the company's day-to-day operations. They make strategic decisions that can make or break the company's success. Venture capitalists must assess the management team's capabilities to ensure they can execute their vision and bring the company to a profitable outcome.

In addition to capabilities, the VC must also assess the management team's track record. An experienced management team with a successful track record signals they know how to navigate the industry, adjust their plans, and build a successful company. Aura can help create a cumulative picture of management and leadership total experience, source of talents, skills, etc.



CHAPTER 5

Navigating the Digital Age: Aura, Data Analytics, and the Astute Investor

Companies that leverage data analytics can gain a competitive edge by uncovering valuable insights, patterns, and trends to help them make informed decisions.

The digital transformation wave has irrevocably changed the investing landscape, placing data analytics at the forefront. Enter Aura, an innovative solution that exemplifies the union of technology and advanced workforce analytics, providing a distinct advantage edge to savvy VC and PE investors.



Workforce Analytics Improve the Accuracy and Speed of Insights



Precision and Promptness with Aura's Data Analytics

Aura's advanced algorithms and data visualization capabilities ensure that insights derived are accurate and timely. Imagine having the capability to detect real-time changes in workforce trends. Aura does more than just record these metrics; it interprets them, presenting investors with actionable insights that empower them to remain one step ahead in the highly competitive investment arena.



Interactive Visualizations: The Aura Advantage

While platforms like Tableau and Power BI have provided significant advances in data visualization, Aura's interface stands out. It not only enables the creation of dynamic dashboards but also intelligently interacts with the user, providing deeper dives on demand. For VC and PE investors, patterns can be analyzed, dissected, and acted upon easily.

Workforce analytics tools such as Aura have revolutionized company research by providing more accurate, timely, and comprehensive insights. As we've seen, using workforce analytics can help companies keep early track of signals, make informed decisions, and gain a competitive edge. In the PE/ VC world, identifying the right companies that align with investment objectives and philosophies is paramount. The power of workforce analytics is undeniable, and its role in company research is one we cannot ignore.

In the modern investing landscape, Aura is an important tool with experience in guiding multiple investments, delivering results for about 500 Bain clients.



CHAPTER 6

How Aura Simplifies Workforce Insights

Stakeholders lack visibility to a company's workforce performance' because the pipeline from data to actionable insights is broken.



Three failures bury workforce insights:

- 1 Inconsistent data:** Lack of consistency between workforce attributes (e.g., titles, skills) across companies and sectors prevents accurate comparison. E.g., a Sales Account Executive at one company is a Customer Success Manager at another.
- 2 Lack of automation:** Translating workforce data to insights requires significant ad-hoc, manual work that results in delays between truth on the ground and signals to leaders and analysts. E.g., an HR/workforce benchmarking exercise requires a multi-month, dedicated effort (e.g., hiring a Bain team).
- 3 No source of truths metrics:** Self-reporting on workforce outcomes (e.g., DE&I, hiring rate) is inconsistent, with no common model to develop metrics and no steady-state source to maintain them. E.g., companies have different definitions of 'diversity' and often assess metrics at different org. levels.



Aura solves all three challenges:

- 1 Gather, Synthesize, and Normalize (Data Ingestion and Transformation)**
Leveraging machine learning, Generative AI, and large data models to aggregate ~18 professional profiles, 13M companies, 400M jobs, and 20M skills into a cohesive and usable dataset.
- 2 Reporting (Generating Signals)**
Extracting the data set into simple reports (PPT, PDF, or API) based on focused topics such as Skills Alignment, Staffing Efficiency, Portfolio Management, real-time hires/departures, and an ongoing growing list of topics.
- 3 Expose Data (Crunchbase for Workforce Insights)**
Aura is creating a freemium website displaying outside-in benchmarks across companies including peer-to-peer measurements, department comparisons, and other items that today's employee wants to see about potential employers.

Integrating Aura into your investment strategy ensures you're always equipped with the most recent and relevant data, allowing for agile and informed decision-making.



The Future of Venture Capital Lies in Informed Decisions

Venture capitalism is not merely about funding the next big idea but backing it with thorough research, accurate insights, and the foresight to understand market nuances. In a world teeming with innovation, the challenge isn't just to find these opportunities and discern the most promising ones from the vast sea of startups. Aura emerges as not just a tool but an ally in this pursuit, offering a revolutionary platform that synthesizes vast amounts of data into actionable intelligence.

Aura's comprehensive suite of features, ranging from in-depth reports to real-time alerts, ensures that venture capitalists and investors are always one step ahead. But why just read about Aura's prowess? Experience it. We invite you to delve deeper into what Aura can bring to your investment strategy. For a clearer, more detailed picture and a demonstration tailored to your specific needs, contact Aura directly. Witness firsthand how its capabilities can revolutionize your investment approach, streamline your processes, and position you at the forefront of informed venture capitalism.



The future of venture capital is exciting and challenging, but with Aura, you're not just prepared for it — you're poised to lead it.

Contact Aura today for a customized tour and elevate your investment journey to unparalleled heights

[Book a Demo](#)